Daily Report

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FBIS-LAT-93-125 *1 July 1993*

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'Tough Negotiations' Expected For Mercosur Summit

PY3006135593 Asuncion ABC COLOR in Spanish 29 Jun 93 p 19

[Text] Industry and Commerce Minister Ubaldo Scavone yesterday stated that he expects tough negotiations during the ministers meeting within the Mercosur [Common Market of the South] presidential summit to be held on 1 July in Asuncion.

"There is a very broad agenda. The first subject for discussion is the standardization of macroeconomic guidelines, next the quest for a common policy on intellectual property and technology rights, and finally the common foreign tariff," the minister said.

He added that local negotiators will propose that the final stages of the negotiations on tariff reduction, including a survey of the list of exceptions by 1 January 1995, be accompanied by the elimination of the additional and disloyal incentives that Brazil imposes on its exports through the exchange subsidy. Moreover, Brazil's delay in its economic stabilization program will also be discussed.

The minister added that similar issues will be discussed with the Argentine representatives. Scavone believes an initial agreement will be achieved on these great issues.

Concerning the common foreign tariff, which requires special discussion, Scavone said that the Paraguayan proposal remains unchanged from the very beginning: on a scale of 0, 5, 10, and 15 percent. Thus, he said that no imposition whatsoever will be accepted by our partners, which suggested a common extra-zone tariff of 20 and 35 percent.

The ministers will also consider 10 percent of the products on the lists of exceptions that have a differentiated common foreign tariff and one internal regional tariff. This implies that by 1995 there will not be a single foreign tariff nor a fully operational free trade zone, as provided for in the treaty.

This possibility will be considered by the four Mercosur presidents who will meet on Wednesday [as published] in Asuncion, Paraguay, and who will decide on the matter at this summit.

This exercise has been devised by Subgroup-10 as a possible alternative to comply with the established deadline, leaving aside the very sensitive products within this system of exceptions, in order to solve the very urgent problems in the member countries.

Regional Education Coordinators Meeting Begins

PY3006011493 Asuncion ABC COLOR in Spanish 29 Jun 93 p 25

[Excerpts] Seeking to draft a letter of intent that will be signed by the Mercosur [Common Market of the South] education ministers, the Seventh Regional Education Coordinators Meeting began yesterday. The four Mercosur countries are represented, as are the OAS, UNESCO, UNICEF, IDB [Inter-American Development Bank], and the UN. [passage omitted]

"An Important Stage Has Been Completed"

Paraguayan Education Minister Horacio Galeano Perrone opened the meeting. He said this meeting marks the completion of a fairly important stage of this process, involving hopes for advancement toward integration.

Galeano Perrone pointed out that it is not an easy task and that there are more demanding challenges ahead. Nevertheless, he said that the Mercosur countries are sure they have valuable technical resources and personnel with substantial experience in educational activities. He added that these countries have an irrevocable will to serve the millions of children and youths who are a current concern and a commitment to guarantee the future of our continent.

In conclusion, he asked the representatives to establish well-defined paths for the common task of integration through constantly renewed education systems.

Cuba

Castro Makes ANPP Closing Speech

FL0107031993 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Jul 93

[Passages within quotation marks are recorded]

[Text] Commander in Chief Fidel Castro spoke at the closing of the debates of the first regular period of sessions of the Fourth Legislature of the National Assembly of the People's Government [ANPP] at the Convention Center in Havana on 29 June. Among other issues, Fidel spoke regarding the 26 July anniversary celebration.

[Castro] "I proposed that we celebrate 26 July in a simpler ceremony, more austere, more modest, also thinking that a theater is more appropriate for reflection. You cannot imagine the effort it takes to speak from one of those open stages where it is hard to see the people 300 meters away; the gigantic stage; the large number of guests; the long list of things. I thought it better to save resources. We cannot invite all those we usually invite to these events, from those who are coming to this meeting—a very important meeting: the Sao Paulo Group—tens and tens of organizations meeting in Cuba on 21-24 July. It is very important. We will not be able to invite all of them. We will not be able to invite every school, all the workers. We will not be able to invite many outstanding people who usually attend these events.

This is why I say: Under these conditions, if we hold the usual ceremony, we could be giving the false impression that everything is normal and that we are living in the best of worlds. This is why we decided to hold a solemn but modest ceremony, solemn but austere. I believe the people of Santiago de Cuba have the well-deserved right to celebrate their festivities. They will also do this in a modest manner. They will have their carnival and a series of activities. Certain activities will be suspended because they are more costly, but the people of Santiago de Cuba will not forfeit a single ounce of the happiness and merit of deserving to host the commemoration of this 40th anniversary."

Further on, Fidel referred to the efforts which the present sugarcane harvest demands and praised the quality of the National Assembly.

[Castro] "We knew this was going to be a great National Assembly because of the manner in which the candidates were selected, the manner in which they were elected. I am very pleased by the fact that the speakers have been primarily the base-level and provincial delegates. Not many scientists or professors have spoken, only a few, but many so-called popular delegates have spoken. They have discussed the subject in depth. It is encouraging to know we have such an assembly. This is the type of assembly the people expected. This is a very important, very difficult moment. This is the assembly of the special period. The assembly that should earn the title of a wise, heroic, wise [repeats] assembly.

I hope no other assembly has to endure what we have had to. What it has been our destiny to endure cannot happen again; not even the Guaimaro Assembly back then had to endure anything similar. Fortunately, we are more united than the Guaimaro Assembly. We are more united than any other assembly in the history of Cuba. We are united in the fight, the principles, the commitment, our responsibility before history."

During his speech, Commander in Chief Fidel Castro Ruz spoke regarding the U.S. attack against Iraq and their pretext for it.

[Castro] "Recently, we heard news that certain facilities in Iraq were attacked at two o'clock in the morning with 23 Tomahawk missiles. What was that? They argue that Iraq organized a certain plot in April. I do not know what plots there might have been. But, well, if it is a matter of murder plots, no one knows how many have been organized against me. Recently, someone was upset; he was talking with a comrade visiting the United States, and angrily protested: Cuba has said that we organized 30 murder plots; but it was not 30, it was only six plots. Not 30, only six! If the truth be told, it was neither 30 nor six, but 300. We have to include not only the plots organized by the Central Intelligence Agency [CIA], but also the purchase of bombs, elephant rifles, poison dart pens, masks that produce fungus, or what have you."

I remember than in Chile I saw a camera with a pistol inside it. It belonged to one of those groups. All those groups were encouraged by the CIA. Tens and tens of murder attempts were organized. There were direct attempts and indirect attempts. There were the ones organized by the CIA and those organized by the groups formed and trained by the CIA. There is the constant encouragement of murder plots. In those thousands of hours of radio broadcast aimed at Cuba every week, the issue of the murder attempts are constantly, relentlessly, present—the exhortation, the encouragement to conduct murder attempts. They have acknowledged six, but our counterintelligence services know of tens and tens of plots and I believe they have encouraged thousands of them.

However, it has reached the point that because it is said that someone was plotting to murder a former U.S. President—they bomb Iraq at night."

Fidel also analyzed the situation created by the sugarcane harvest results and the rains that affected Cuba.

[Castro] "I have been reading the newspaper and yesterday I mentioned things that are harder than those included in the document. [sentence as heard] We must always put truth above everything else. I am always telling this to the reporters. Do you believe that relations with the United States are going to improve? I said: We will be better off not counting on this. We will be better off preparing for the worst alternatives, that the blockade

will go on and on and that difficulties will become greater. We will be better off being mentally prepared for greater difficulties. We have to be ready for the worst imaginable difficulties. The second half of the year is definitely going to be very hard. But we must be prepared to resist. We have a duty to resist. Besides, we have no other alternative but victory. There is no alternative to victory. Defeat is the end of everything. Defeat is the end of the long struggle of the Cuban people, independence, the Revolution, socialism, the end everything. No one surrenders to defeat. No one conceives of life without the Revolution. It has befallen us to defend the Revolution under these very difficult conditions.

Cuba receives many messages from many places, saying: Resist, resist, resist! The messages come from all over because the people have truly pinned their hopes on Cuba and our capacity to resist." [applause]

Castro Discusses Coming Events, Austerity of 26 July Anniversary

FL3006164293 Havana Radio Progreso Network in Spanish 1100 GMT 30 Jun 93

["Excerpt" from remarks by Cuban President Fidel Castro in Havana at a session of the first National Assembly of the People's Government; date not given—recorded]

[Text] We have a tremendous month or weeks ahead of us. From today through 26 July, we do not even know the number of [words indistinct]. We have had the first National Assembly of the People's Government. In a few days we will receive a visit from the Vietnamese prime minister. The summit in Rio de Janeiro [as heard] is coming up. A very important meeting for Latin American organizations will be held between 21 and 24 [month not specified] and we have the 26 July activities.

As you know, we would like the activity to be simple. We have asked the people in Santiago de Cuba to understand. We want to have a solemn but modest ceremony. There has always been a great mobilization of people, a great number of guests. Even though the people of Santiago could walk to the center, a public ceremony of that nature will have a great number of guests. We prefer to hold the ceremony in an enclosure, where people can sit and have an appropriate place to think. We want the people to see austerity. One of our main concerns was not to hold the activity as though nothing were going on, or as that nothing were going on in the country and that we were living in the best of times, or that we are celebrating the 40th anniversary of the Moncada Barracks attack as we did in the best of times.

I must confess that I have been considering this since the 1 May activities. I believed that on 1 May we should not have had the great concentration [of people], but should have held provincial and municipal ceremonies. It was hard for me that we had to ask hundreds of thousands of people to go to the 1 May activities on their bicycles, and that, with transportation reduced to 8,000 trips and with the condition of the buses, we had to dedicate hundreds of buses to the mobilization. It was hard for me to see the long parade of hundreds of thousands of compatriots from the municipalities closest to [Revolutionary] Square.

The truth is that the 1 May activities were great. I did not know whether, in such circumstances, with a shortage of fuel, spare parts, and transportation, we should have celebrated 1 May as we traditionally do. It is true that fewer buses were mobilized and a lesser effort was made. I asked several comrades from the Cuban Workers Federation and the Communist Party of Cuba in Havana for their opinion. Many of them said that preparations were already under way. They favored holding the activity, so I agreed.

But for 26 July, I proposed that we make the ceremony more simple, austere, and modest. I believed that a theater was a better place to think. You cannot imagine the effort that has to be made at one of those rostrums, where you can hardly see the people who are 300 meters away. The enormous platform, the great number of guests, the number of things that go on—it seemed to me that we should economize. We cannot invite all the people we usually invite to these ceremonies.

Among those who are coming to that very important meeting of the (Sao Paulo Group) are dozens of organizations, coming to our country to meet between 21 and 24. This is a very important meeting. We cannot invite all of them. We cannot invite all the students and workers. We cannot invite many outstanding people who were elected to attend the ceremony. That is why, under these circumstances, if we hold any ceremony as usual we could send the false message that everything is normal and that we are living in the best of times.

That is the reason we have decided to hold a solemn, but modest, ceremony; a solemn, but austere ceremony. I believe the people in Santiago de Cuba have the right to celebrate their festivities. They are also going to celebrate modestly. They are not going to have carnivals. They will have a series of activities. Some will be suspended because of their expense. But the people in Santiago de Cuba are not going to diminish in the least the joy and the merit of their being worthy to host this 40th anniversary. They will take care of making the most of this ceremony, which has great significance.

A ceremony does not obtain its value from the multitude that gathers or the size of the ceremony, but from the seriousness it is accorded. In this celebration, I would like seriousness on the part of the revolutionary militants, with the largest possible number of people from Santiago. It will not be a very formal observance in the sense of having many guests. It is a ceremony for Cubans, because the Cuban people need to celebrate this 40th anniversary.

The ceremony will take place very near the site of the action against the famous fortress, and with a limited participation of foreign guests. The ceremony is for all

the Cuban people and will be broadcast on television. TV will make it an event for millions of Cubans.

Assembly Issues Resolution on Upcoming Difficulties

PA3006140893 Havana Radio Havana Cuba in Spanish 1300 GMT 30 Jun 93

[Text] The Cuban Assembly has urged all citizens of the country to resist in a conscientious, courageous, and dignified manner the difficulties that the island is experiencing in view of the possibility that the next six-month period will bring increased economic difficulties that have been affecting our country since 1989.

The appeal was made in a declaration approved by the National Assembly of the People's Government at the conclusion of the second and last work session of the fourth legislature.

There is but one solution in our fatherland: Sacrifice. There is no other fatherland but the one that is guaranteed by one's own sacrifice, the document emphasizes while urging all workers to increase controls and efficiency.

On 29 June the Cuban legislators concluded two days of heavy debates during which they analyzed the fuel situation and the operation of the Peoples' Councils.

Likewise, the Legislative Branch of Cuba ratified the Agreement on Biological Diversity and UN Agreement on Climatic Changes, which were both published by President Fidel Castro during the Earth Summit held in July 1992 in Brazil.

Foreign Ministry Note Condemns U.S. Attack Against Iraq

FL3006132293 Havana Radio Rebelde Network in Spanish 2300 GMT 29 Jun 93

[Text] Today, Cuba condemned the U.S. attack on Iraq in a declaration issued by the Cuban Ministry of Foreign Relations [Minrex]. The note points out that on 27 June, U.S. war ships stationed in the Red Sea and the Persian Gulf launched 23 Tomahawk missiles against Baghdad aimed at destroying Iraq's intelligence headquarters in the center of that city.

The Minrex note adds: In unleashing the armed attack, the U.S. Government has taken upon itself the right to adopt unilateral punitive measures, contradicting the position it claims to defend on the role of the United Nations, in general, and the Security Council, in particular.

The note goes on to say: This illegal action caused significant human and material losses that primarily affected the civilian population residing in the area of the installation. The note states: There is no rationale to justify such an act of aggression—acts like this attempt against the search for a negotiated solution to the conflict in that region—which is evidence of the crisis in the collective security system of the United Nations, which has been manipulated so many times by the United States on behalf of a supposed new world order. The Government of the Republic of Cuba energetically condemns this illegal U.S. action against Iraq and trusts that the international community will not stand by passively and ignore this aggression.

The note concludes: Declaration of the Cuban Ministry of Foreign Relations.

Commentary on U.S. Funding for Radio, TV Marti

PA2906235393 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Jun 93

[Roberto Morejon Commentary]

[Text] Some U.S. congressmen have begun listening to voters' complaints about the way U.S. administrations have been squandering funds by financing the radio and television stations that beam subversive ideological messages to Cuba.

It is a little late to regret that over the past eight years the U.S. Government wasted $170 million since the ill-named Radio Marti began its transmissions in 1985 and the subversive television signal was first seen in 1990. That $170 million could have been better spent on hiring more policemen to protect U.S. city streets from thieves and drug traffickers or to improve treatments for drug addicts, a program for which there is insufficient funds.

The Republican administrations preferred to listen to the most recalcitrant sectors of Cuban exiles who still believe they can encourage opposition in Cuba through radio and television. Thanks to the ingenious interference technique designed by local experts, the television signals have never reached Cuba. The radio signals cannot be heard on medium wave for the same reason.

The fact that the U.S. House of Representatives Appropriations Committee voted in favor of suspending those transmissions is proof that the polemic on the anti-Cuban radio and television stations has gained importance in the U.S. Congress. The committee later rejected a State Department request to assign $16 million to continue transmissions of the so-called Radio Marti in 1994. Instead the committee approved approximately $8 million and refused to allocate any funds for the subversive television station.

Although the full House and Senate will have the last word, it is obvious that the discussions further aggravate the situation for the radio and television stations broadcasting to Cuba from the United States. There is a possibility of the television station's imminent closure, and the committee's discussions have increased uncertainty among the radio station's personnel.

There is also internal strife among the promoters of Radio Marti, who are divided into a conservative group and an opposition group that is attempting to control the programs. Both groups, however, have been influenced by the Cuban revolution, which they have not been able to undermine despite their subversive efforts.

* Cruz Varela on Prison Release, Future Plans

93CA0138B Santa Fe de Bogota EL ESPECTADOR in Spanish 28 May 93 p 14-A

[Interview with Maria Elena Cruz Varela by EL PAIS correspondent Mauricio Vicent; place and date not given]

[Text] Matanzas, Cuba—Last Tuesday Maria Elena Cruz Varela emerged from a Cuban prison after a year and half of confinement.

Two Interior Ministry officials took her to her new home in Matanzas, a tranquil place far from Havana's dissidence, where everything was in an uproar. She says her release from prison was not brought about by any deal, and that her change in residence was "my own decision."

Maria Elena, 39, says: "The most important thing for me now is literature. There was a time when I liked being a poet who dissented from specific government policies, but I never thought of making a career of politics."

[Vicent] Does that mean you are not interested in politics now?

[Cruz Varela] It means I would rather die as a poet than live as a politician. And also that in the critical situation my country is in, I am putting aside my opposition.

[Vicent] What is the reason for such an abrupt change?

[Cruz Varela] I worry a lot about my country's fate and how it is going to get through this crisis, no matter who is in power. In these difficult times I will not turn my back on my country. It would be terrible if I kept fanning the flames of major conflicts in Cuba.

[Vicent] Did you make some sort of deal or promise to keep quiet in order to get out of jail?

[Cruz Varela] I did not get out on parole through any promise I made. Parole always presupposes some specific behavior on the part of a prisoner. But in my case, no additional promise was made on the side.

[Vicent] What you just said conflicts with your dissident past. People know you as a victim of the regime because of your ideas.

[Cruz Varela] That is exactly what led me to stop my opposition. My name was bandied about too much. People said I was tortured, that I was given electric shock treatments; that is all a lie.

[Vicent] You know, a lot of people are going to think you are saying that under pressure.

[Cruz Varela] People are always going to talk. Ever since I became well known I have run that risk. But that is better than having my destiny set out in advance for me. I would rather experience the grapes of wrath than play a role imposed on me that does not interest me. I know this may hurt my image as a poet but, if that is so, I do not want to be that poet. If people do not accept me, better times will come. I have a lot to say, but in writing.

[Vicent] You were never tortured, not even psychologically?

[Cruz Varela] That is totally false. They never tortured me or gave me any psychiatric treatment or electric shocks.

[Vicent] You now seem to repent of your past?

[Cruz Varela] I do not regret anything I did. I am not chanting a *mea culpa*, but I am telling you the truth; this Maria Elena likes herself better than the other one.

[Vicent] Do you admit to the crimes for which you were sentenced?

[Cruz Varela] They are classified as crimes in the Criminal Code, but I think that code needs some changes.

[Vicent] Who gave you the idea of leaving Havana and coming to live in Matanzas?

[Cruz Varela] That was totally my own decision, which came from a need to think and reflect a little about my life.

[Vicent] Did you ever think of leaving Cuba?

[Cruz Varela] Never. I am Cuban and I do not want to leave. I want to share the fate of my people in anonymity. If at one time I did think of leaving, I gave up that idea when my daughter Mariela left.

[Vicent] Do you think a change in Cuba should be led by Fidel Castro?

[Cruz Varela] Experience shows that whether I am in the opposition or outside it, he is still the supreme leader, so I am not going to discuss his legitimacy.

Before concluding, and without being asked about it, Maria Elena spoke of the Torricelli Law passed by the U.S. Senate, which intensified the economic embargo against Cuba.

* Interviewees Admit to U.S. Policy Mistakes

93CA0138C Havana JUVENTUD REBELDE in Spanish 23 May 93 p 4

[Article by Soledad Cruz]

[Text] William Colby gazed off into space and when his eyes met mine, in a measured tone without a trace of bitterness, he said: "Fidel Castro won the war against the United States."

That statement startled me, unleashing a flood of images from my childhood. Bombings, burning cane fields, deaths, attacks, infiltrations, and initials with a macabre connotation: CIA. That CIA was directed by this man who greeted me with great courtesy. I sense a certain feeling of guilt behind his grayish blue eyes and in the praise he is giving my people, when in the voice of a man who has been defeated he admits what seemed impossible: Fidel—we—are the victors.

Nothing in him now recalls the elegant young hawk in the photograph in his austere attorney's office in Washington, where a huge multicolored "matrioshka" clashes with the sobriety of the office and attests to his interest in Russia, the new prey the North American empire has already chosen for itself with the avaricious lust that over a 100 years ago Marti predicted will be its ruin.

I want to know how much William Colby's philosophy has changed after he recognized the failure of U.S. policy toward Cuba, after 10 days in which I have been meeting constantly with politicians, academics, CIA analysts, the Pentagon, members of the Foreign Relations Council, reporters, and U.S. citizens in Washington, Williamsburg, New York, and Miami, talks that have confirmed to me that **this enormous nation lacks honesty and feelings** [quote from Jose Marti].

This is not because, out of prejudice, I only looked for the negative aspects of North America. I spoke at length with men suffering from the cancer of the United States. People like Texas Congressman Henry Gonzalez, who has spent 40 years in public office. These people are ashamed of the aggression against Panama, the massacre of civilians in the Gulf war, and the policy of aggression against Cuba. They see with sorrow that North America, which astounded the world with its progress, is moving inexorably toward the same fate as imperial Rome, eaten up by its illnesses.

But I could not avoid the same repulsion that Marti expressed when he witnessed the origin of this imperiousness, when I heard so many in these 10 days say with complete tranquility, without shame or hesitation, that U.S. politics is money, that the positions adopted depend on the benefits derived from them, and when I heard at a packed lecture in Williamsburg a well-known professor discuss Russia and its fate as if it were a North American territory.

I sense that same enthusiasm in Colby's voice when he speaks of the former Soviet Union. He believes in the magic of private property, no matter what the cost, and repeats, in other words, a phrase coined about that country's problems: the pains of the transition.

Cuba is not now a priority in U.S. policy, he says. That is something I heard over and over during my entire trip. So how can they justify the embargo, the Torricelli Law, Guantanamo Base, and the attempt to crush the island through hunger and disease? The only answers are the evil old passions: the Monroe Doctrine; the Big Stick; the Platt Amendment. That unhealthy desire to take a nation by force because of a feeling of ownership offends not only revolutionaries, but people who merely consider themselves patriots.

This unhealthy desire takes refuge in the pretext that other countries are not democratic, defending human rights that do not exist in the United States, with the pretense of freeing people from communist totalitarianism. At the same time the United States operates under the absolutely totalitarian, dogmatic, and extremist precept that Cuba should be what the United States wants it to be, through U.S. vanity and a lust for power.

I choose my words carefully in this cordial duel between elegant adversaries. Colby also expresses himself delicately. He reminds me of the defeat of the system that advocated social justice, the system in which I believe and defend. He speaks of China and Vietnam with certainty that capital will bring about a shift toward the formula in which he believes. And in Cuba, he asks how will you get by without allies?

I mention our biggest problem: the embargo. He shakes his head in denial, as if recognizing that this excessive aggressivity toward the island has not yielded results. He knows this through experience. He speaks of the chaos in the world, of the problems that his approach will not be able to remedy. These are small wars, he says, without the potential to become internationalized. I am not so sure of that, I reply, realizing the weight of something I have known for a long time and that I reaffirm now: the world has yielded to this new Rome, and only our tiny island still resists. That initial admission—Fidel Castro won the war against North America—the United States is never going to forgive us for that.

In conclusion, I ask my people to always give me their support so that whenever I have such a meeting, I may feel this satisfaction of an unforgiven victor.

Foreign Ministry Announces Arrival of U.S. Delegation

PA0107002293 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Jun 93

[Text] The Cuban Foreign Ministry confirmed the arrival in Cuba on 29 June of a group of former diplomats and retired soldiers from the United States who are on an academic visit to discuss matters of mutual interest. Foreign Ministry officials said the group, which is sponsored by the U.S. International Policy Center, is headed by Wayne Smith, former chief of the U.S. Interests Section in Havana.

The sources stressed the purely academic nature of the talks to be held in Havana for two days. They added that negotiations are not contemplated, only exchanging views and criteria on possible ways to reduce bilateral tension.

According to the sources, the group headed by Smith is visiting Cuba as part of an academic cooperation program that began several years ago. The Foreign Ministry note said that the other members of the U.S. delegation are Major General George Kick, Chaplain Herming Johnson, and Vice Admiral Eugene Carroll, all retired officers, as well as George Mendelson, deputy director of the Arms Control Association.

* Investors Sought for African Palm

93CA0138A Santa Fe de Bogota EL ESPECTADOR inSpanish27 May 93 p

[Excerpt] Colombian growers of oil-producing palms have been offered a new option: investing in palm plantations in Cuba.

Cuba, whose agricultural economy is based on sugarcane, wants to develop substantial palm plantations to become self sufficient in vegetable oils and fats.

This announcement was made by the director of the Coconut Palm Program for the Research Center of the National Fruit Station of Cuba, Jorge Cueto, at the Latin American research seminar on this crop. The seminar was held in Santa Marta to mark the 30th anniversary of Fedepalma [Colombian Federation of Palm Growers].

He said Cuba is making a great effort to find suppliers and resources so it can produce its own oils and fats.

The initial project calls for planting 15,000 hectares to meet the demand of 10 million inhabitants, whose consumption is estimated at 11 kg per person a year.

The project development will be handled by specialized companies in the form of agroindustrial complexes, though the participation of independent producers is not being rejected.

Financing will be provided by the government. [passage omitted]

Trade Minister Cabrisas Hospitalized in France

PA3006144593 Paris AFP in Spanish 2101 GMT 29 Jun 93

[Text] Auxerre, France, 29 Jun (AFP)—Cuban Foreign Trade Minister Ricardo Cabrisas and French industrialist Gerard Bourgoin were injured in an accident on 28 June while riding a "buggy" in a motor cross in Joigny (central-eastern region), sources close to Bourgoin reported on 29 June.

Cabrisas suffered several fractures and was hospitalized in Joigny (Yonne Department), before he was transferred to the Pitie-Salpetriere Hospital in Paris on the afternoon of 29 June.

Bourgoin, who sustained minor injuries, was admitted to the same hospital.

At the time of the accident, Cabrisas was in Auxerre on a private visit and was accompanying Bourgoin, who was driving the "buggy" on property he owns in Chailley (Yonne).

Haiti

Aristide, Cedras Reportedly Agree on Negotiations Agenda

FL3006171293 Port-au-Prince Radio Metropole in French 1045 GMT 30 Jun 93

[Text] The news this morning is the announcement of an agreement between General Raoul Cedras and President Jean-Bertrand Aristide. Both reportedly agreed on 29 June in New York on the agenda for negotiations on reestablishing democracy in Haiti, according to former U.S. Representative (Michael Browns), private counsel to Father Aristide.

(Browns) did not give details of the agenda contents, saying only that international mediator Dante Caputo was continuing his trips between the two delegations, installed two days ago on Governor's Island in New York, to arrange final details of the agreement between the two groups. According to diplomatic sources, the agenda for negotiations includes a timetable for the return to power of President Aristide, the resignation of Gen. Cedras, the appointment of an acting interim prime minister, the deployment of an international police force, and the restructuring of the Haitian Armed Forces. Rothschild Francois reports live:

[Francois] The inter-Haitian negotiations on Governor's Island have taken a new turn today, according to statements by a legal adviser to President Aristide, who announced that both camps have finally agreed on an agenda. However, this information was not confirmed by UN officials. This document allegedly provides a timetable for the return of Jean-Bertrand Aristide to power, the resignation of Gen. Cedras, the appointment of an acting interim prime minister, the deployment of a police force, and a restructuring of the Army.

This information, made public by a member of President Aristide's team, came only a few hours after Gen. Cedras' news conference. The head of the Army wished to meet President Aristide.

Gen. Cedras denied the news of his possible resignation and asserted that he was working to extract the country from this situation. Mediator Caputo announced last night that he had a long interview with Gen. Cedras and that this meeting was very important and even definitive.

The Haitian ambassador to the UN points out that he took note of the willingness of Gen. Cedras to pursue the negotiations. For Ambassador Jean Casimir, a face-to-face meeting could lead to a possible agreement between the two parties.

According to diplomatic sources, military intervention is possible in Haiti despite the talks that started Monday in New York. This intervention could be by special OAS troops. Those diplomatic sources assert that it could take place if negotiations fail. The same sources point out that in the event of an agreement for the rapid reinstatement of President Aristide to power, this intervention will not be military. However, intervention can occur in all aspects of Haitian life, especially in social and economic areas.

The same sources assert that there is an international plan that was discussed and approved several weeks ago, providing for the participation of the United States, France, and Canada. They also say that experts from Georgetown University in the United States participated in the elaboration of that plan and will be part of the implementation process. Diplomatic sources believe that in the event that Gen. Cedras and the military oppose the plan that includes the reinstatement of President Aristide, there is no doubt that the United States will exert pressure in favor of a military intervention in Haiti. Those same sources also point out that President Aristide could be reinstated in his office with considerably reduced power.

It should be recalled that Dante Caputo's spokesman warned against partial reports presented outside the overall context of the negotiations process, which will resume in a few moment on Governor's Island in the United States.

CONAPOP Encourages Negotiations Between Aristide and Cedras

FL0107005093 Port-au-Prince Radio Metropole in French 1600 GMT 30 Jun 93

[Text] CONAPOP, Confederation of People's Organizations, asserted that it was following development of the negotiations it encourages. CONAPOP invites the protagonists to serve the country's interests first by finding a favorable solution to the political crisis. According to CONAPOP, failure of the negotiations will only worsen the people's misery.

[Unidentified spokesman recording in Creole] Today, 30 June 1993, makes it exactly four days since CONAPOP began following the daily development of negotiations between President Aristide and General Raoul Cedras on Governors Island, south of Manhattan, under the auspices of the UN and the OAS, represented by Ambassadors Dante Caputo and Laurence Pezzullo.

Once again, CONAPOP takes this opportunity to send a patriotic call to President Aristide and Gen. Raoul Cedras. CONAPOP asks the two protagonists to put aside all personal sensitivities in order to put the country first and all the institutions that have been destroyed. CONAPOP remains convinced that if both parties do not feel the necessity to make concessions every time the negotiations stall, and if this face-to-face ends in failure, CONAPOP asks all mothers and fathers throughout the country to begin to tighten their belts.

Speaking of misery, this time even dogs will have a hard time in Haiti, since now there is no longer any gas in the gas stations. In some provinces, a gallon of gas costs 50 gourdes. Not even public drivers can find it. Later will be worse. Let us calm ourselves before foreigners force us to do so. Dirty laundry must be washed by the family.

The protagonists must remember that we are all Haitians, a nation in which we do not agree with one another. Since the time of our ancestors, negroes have hated negroes. Where is that leading us?

CONAPOP asks Evans Paul, the legal mayor of Port-au-Prince, a member of one of the strongest political organizations in the country, KID, and as a member of Aristide's delegation, to do as you always do when the country is in danger—you are one of the Haitians the people trust—to play the role of mediator because for 22 months you have been one of Aristide's partisans who asks the people to keep courage. [end recording]

MDN Condemns International Aristide Support

FL3006212693 Port-au-Prince Radio Metropole in French 1600 GMT 30 Jun 93

[Text] In Port-au-Prince, the leader of the Mobilization for National Development, MDN, Hubert de Ronceray, asks the United Nations to end the negotiations aimed at returning power to the ousted president. The MDN leader, who criticizes the attitude of the international community toward the Haitian crisis, pleads in favor of the application of Article 149 of the Constitution and the return to power to Justice Joseph Nerette.

[Begin recording] MDN urges the United Nations to close the negotiation file with Jean-Bertrand Aristide. From October 1991 to June 1993, the international community expected, through force, to bring Jean-Bertrand Aristide back to the National Palace in Port-au-Prince. Aristide had been elected by plebiscite on 16 and 17 December 1990 and was ousted from power on 30 September 1990. The OAS, being part of the Haitian electoral scenario, hastily and unilaterally ordered the unconditional return of the terrorist priest, caring nothing about the disastrous consequences of his use of petty instincts with drugged, hysterical crowds; or his appetite for fire, blood, and human meat grilled by burning necklaces.

After 20 months of unfair, criminal sanctions, the United Nations decided to put Jean-Bertrand Aristide and Lieutenant-General Raoul Cedras face-to-face on the small Governors Island south of Manhattan. The United Nations finally admitted the necessity of listening to both versions of the 30 September events. They have seen, on one side, the intransigence, the radicalism, the cynicism of a multinational lavalas delegation; and on the other, the open- mindedness, tolerance, and respect for national values of the Haitian delegation.

MDN invites the UN to end the systematic extinction of the Haitian people and the destructive power of Jean-Bertrand Aristide. MDN urges the United Nations to close the negotiation file with this stateless traitor in order to allow the Haitian people to reactivate Article 149 of the Constitution with the provisional presidency of Justice Joseph C. Nerette.

Haiti must reassert the democratic electoral process so that within a 24-month period, it can have a government of national unity, able to develop a social project and satisfying the requirements of indigenous development and international cooperation. [Creole] MDN asks the United Nations to close negotiations with Jean-Bertrand Aristide. [end recording]

Larosiliere Warns Against Agreement Signed by Cedras

FL2906180993 Port-au-Prince Radio Metropole in French 1045 GMT 29 June 93

[Excerpts] A parliamentarian warned against the signing of any agreement by General Cedras. Senator Julio Larosiliere, author of the decree reinstating the ousted president, said that the 18 January elections were not negotiable. Edner Jean filed this report:

[Begin Jean recording] The senator found provisions in the Constitution to support his thesis: the Army does not have the right to sign a political agreement, he noted. Julio Larosiliere said, however, that General Cedras can discuss with President Aristide the means to implement the parliamentary decree reinstating Jean-Bertrand Aristide as president of the Republic. According to the author of the 15 June decree, President Aristide can exercise his constitutional prerogatives by proposing some amendment to this decree. [Begin Larosiliere recording in Creole] Whatever agreement is made, the General himself can not have an agreement with President Aristide. The General himself can only discuss some points with President Aristide to see to what extent the military institution can help the return of President Aristide, and also implement the decree voted by the Haitian Parliament. I am very pleased that they are abroad because they can, including President Aristide, find the modalities to start the process. [end recording] [Jean] Even before this step, the reinstated president proposed some amendment to the decree—a decree which was rejected by Father Aristide's partisans. Senator Julio Larosiliere said that the 18 January elections are not negotiable. It was a constitutional obligation and those elections are valid, said the legislator.

[Larosiliere] The Parliament will be half, a Parliament amputated of a third of its members. That is not true. Those people must prepare themselves for elections within a year. Indeed, in a year elections will be held in order to reelect one-third of the Senate. FNCD and the others only need to prepare themselves for the elections and win them. But do not ask me to recant the 15 June decree because then those elections were not well held.[end recording]

[Jean] The 18 January elections must be ignored anyway, replied a FNCD [National Front for Change and Democracy] legislator. Commenting on the conditions in which those elections were held, Deputy Fignole Jean-Louis believed that the ballot was not honest and democratic.

Regarding the dismissal of the Army high command which is another demand of the president in exile, Deputy Jean-Louis said that it is necessary to have widespread reform in the military hierarchy because, according to him, not all the members of Haiti Armed Forces should be accused of corruption and of crime. [Passage omitted] Deputy Fignole Jean-Louis put great hope in the Aristide-Cedras meeting because the General said that he was aware of the country's drastic state, recalled the legislator.((end recording)).

Aristide Should Stay Abroad To Avoid Assassination

FL3006154293 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Jun 93

[Report on interview with Deputy Evans Picault of the National Front for Change and Democracy [FNCD] by Daly Valet; place and date not given—italicized passages in Creole]

[Excerpts] An Aristide-Cedras cohabitation is not to be considered, according to National Front for Change and Democracy [FNCD] Deputy Evans Picault, who condemns political leaders who consider that possibility as a solution to the crisis. Deputy Picault told Daly Valet that President Aristide is better advised to stay abroad than to accept such a compromise.

[Picault, in progress] *...say that the president must return. It is an obligation of the United Nations, the OAS, and the Clinton administration to bring President Aristide back to assume power. The matter of cohabitation between Aristide and Cedras and with the present General Staff is out of the question. It is out of the question. [repeats] These men must step down from power; they must step down as Army leaders to allow reform of the Army. It is out of the question for Aristide to negotiate with Cedras on cohabitation. That would imply that Aristide is a fool, a puppet who would come here with his two hands and his two feet in one single shoe [as heard], and then be assassinated. Then it would be my turn to be assassinated because I supported him.*

Deputy Picault says he opposes the stand of [FNCD spokesman] Victor Benoit, leader of the National Congress of Democratic Movements [CONACOM]. According to Deputy Picault, CONACOM and FNCD never wanted Aristide's return.

[Picault] *On 27 June, I listened to a political leader, whom everyone in the field knows, speak on Radio Signal.*

[Valet] *Who was it?*

[Picault] *It was Victor Benoit. I am a member of CONACOM because—until it proves otherwise—I have not yet resigned from the party although I am in conflict with them. This is also the reason that I had problems with them. Those people are cowards. They were hiding what must be said and they are the ones who led us to the failure (?we have experienced) today. They have not worked to guarantee the democratic struggle in the field; they have not invested in politics. I am telling all other sectors struggling in the country that (?Benoit) has not invested in politics. He should not go on the radio and make indirect statements to persuade people that Aristide can cohabit with Cedras. [passage omitted]*

They would like him to come here so he can be killed. Well, I would prefer Aristide to stay abroad instead of cohabiting with those people; and I would pack my bags and leave the country.

Denmark Announces Economic, Military Embargo

FL3006200493 Port-au-Prince Radio Tropic FM in French 1600 GMT 30 Jun 93

[Text] Denmark has ordered a military and commercial embargo against Haiti. The Danish Government has decided to order an embargo on the sale, delivery, and transportation of weapons and military materials to Haiti, according to a communique from the Danish Ministry of Foreign Affairs on 30 June.

This embargo, to become effective 1 July, is a result of the UN Security Council resolution adopted on 16 June concerning the establishment of constraining sanctions by the international community against Haiti. The embargo will also cover the sale of petroleum products and the freezing of Haitian Government assets in Denmark.

The communique says the Copenhagen government hopes the Haitian authorities will show the necessary willingness to restore democracy to Haiti and to contribute to the return of President Aristide.

UN/OAS Civilian Mission Publishes Communique on Violence

FL2906175093 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Jun 93

[Text] The UN/OAS international civilian mission in charge of monitoring the human rights situation in the country denounced in a communique issued on 28 June the acts of violence committed against persons in a church and on the premises of the [Investigations and] Anti-Gang Service of the police in Port-au-Prince. According to the communique, after some persons spread leaflets and started chanting slogans supporting President Aristide at the end of a mass being celebrated at the Church Our Lady of Perpetual Relief, military and armed civilians present inside this place of worship immediately arrested and beat Nickson Desrosiers and Heneck Pierre, officials of a people's organization, the Fort-Saint-Clair Platform.

Five other persons were also arrested and beaten, added the communique, which went on to state that the seven detainees were transferred to the Anti-Gang Service where they were severely beaten while they were being questioned. The communique also pointed out that three of the detainees including one who was injured on the left side were released on 27 June. Four others remained in detention at the Anti-Service.

Finally, the communique denounced the refusal by military authorities to allow observers from the mission to have access to the detainees in blatant violation of the terms of reference defining the mandate of the mission.

According to the Anti-Gang Service, only four persons were questioned and then released on 27 June. According to the testimony of a Haitian nun broadcast on the night of 27 June by the state-owned television—that nun was also interviewed by Signal FM—no brutality was exercised against the person who disturbed the religious service at the church Our Lady of Perpetual Relief on the morning of 27 June.

Trinadad and Tobago

Senate Approves Caricom Parliamentary Assembly

FL0107011793 Bridgetown CANA in English 1809 GMT 30 Jun 93

[Text] Port of Spain, Trinidad, June 30, CANA—The Trinidad and Tobago Senate has approved an agreement for the establishment of an assembly of Caribbean Community (Caricom) parliamentarians, despite objections from opposition and independent senators.

Thus far, Trinidad and Tobago, along with The Bahamas, Barbados, Grenada, and Guyana, have signed the agreement for setting up the assembly, the brainchild of Barbados Prime Minister Erskine Sandiford. Leading off the debate on the assembly, Foreign Affairs Minister Ralph Maraj said the deliberative and consultative body would assist in deepening the integration process within the 13-nation Caricom.

"You need, for example, to get a feel of how the populations of Caricom feel about a particular issue—you may need to test certain new ideas and so on. You may reach a deadlock on a particular matter and you feel unsure about how to proceed into the future, and I want to suggest that this assembly of Caricom parliamentarians is an appropriate body that can help the integration movement when such problems arise," Maraj told the upper house.

Stating that the assembly will have to develop its own traditions, systems, and modus operandi as it went

along, Maraj said an important factor was for it to have its place within the integration movement and help in strengthening it.

"The fact of the matter is that somewhere the mechanism has to start. The heads (of government) have taken the decision to go with the assembly in this way. We feel that it is a start to bring the voice of the people into centre stage by having their representatives talk about issues that concern them, and we feel that it has an opportunity to evolve as we go along," he said.

Opposition leader in the Senate, Wade Mark, stating that he prefered to see an assembly of the people of Caricom, questioned whether the reasons for not allowing non-governmental organisations and trade unionists to participate in the assembly.

"We are still living in the past," he said. "The leaders of Caricom are still living in the past. Centralized control is the name of the game and they are afraid to decentralize power so that the masses can effectively participate in the process of development and change. They talk about the masses, but they are afraid of the very masses that they speak about," he added.

Independent Senator John Spence asked what was the point in having parliamentarians meet and talk if the proposed assembly was not going to assist in the integration process. Comparing the proposed assembly to the European assembly, Spence said individual countries of the European Assembly elected representatives independently of their individual parliaments, and the assembly had law-making powers which sometimes superceded laws of member countries.

"If we are going to have what in effect is an assembly where people can express ideas and put new points of view to the Caribbean, then it is much better to have people from outside the parliamentary system, because the people in parliament are already making their contributions to their local governments, which in turn then send their ministers to Caricom meetings and the like," Spence said.

Salinas Predicts Economic Growth in Second Half of 1993

PA0107002493 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 30 Jun 93

[Report by Jaime Guerrero]

[Text] President Carlos Salinas de Gortari told the country's leading businessmen the Mexican economy will grow faster in the second half of this year.

[Begin Salinas recording] We are predicting for the second half of this year, particularly during the last quarter, that economic growth will improve, enabling us to maintain a single-digit inflation rate. [end recording]

Salinas told businessmen the conditions of the national economy are right to boost growth. He said that for the third consecutive month, interest rates have dropped, the trade deficit decreased between January and April, productivity is up 6 or 7 percent, and public finances are strong. Most of all, he said, the outlook for the ratification of the North American Free Trade Agreement is positive. This will be good for the nation's economy.

[Begin Salinas recording] I reiterate to you that as has been correctly stated there are no favorable winds for a ship without a course. Our ship has a clear course, so the winds will be favorable. Economic growth will be higher, within the framework of price stability. It will serve to provide satisfaction and encouragement to this generation, but most of all to reaffirm the greatness of our fatherland. Thank you. [applause] [end recording]

President Salinas recognized the work by Nicolas Madahuar Camara while at the head of the Business Coordinating Council [CCE]. In response to a proposal by Luis Carcova, who is the new CCE president, Salinas said additional impetus will be given to competitiveness, by proving support to small- and medium-scale companies that require opportunities to grow.

New CCE President Luis German Carcova Comments on NAFTA

PA3006231193 Mexico City XHTV Television Network in Spanish 0200 GMT 30 Jun 93

[Report by Daniel Flores Meneses]

[Text] Luis German Carcova was sworn in as the new president of the Business Coordinating Council, CCE, in the presence of the president of the Republic. After he assumed his post, Carcova gave an interview to Televisa. Therein he stated that the solution to the free trade agreements, NAFTA [North American Free Trade Agreement], issues, currently being discussed with the United States, will be reached at the negotiation table.

[Begin Carcova recording] The groups that are against NAFTA are defending their personal or their sector's interests. On the other hand, there is also concern in the United States about their own competitiveness. I believe, however, that they have not understood that when adding the comparative advantage that each country offers, all of us can be more competitive in other markets. [end recording]

He said that the opinion of the Mexican business sector is that of reasonable optimism because they understand the negotiations have not been simple, but judging by what is known so far, NAFTA is moving ahead and will work out well.

[Begin Carcova recording] We are negotiating. Obviously new circumstances arise that require further fine tuning. [end recording]

Carcova said that in this type of negotiation, of momentous significance for the countries, there will always be groups in favor and groups against, but that NAFTA will come out ahead.

* Insincere Antidrug Effort Charged

93CA0146A Mexico City LA JORNADA in Spanish 11 Jun 93 p 10

[Commentary by National Autonomous University of Mexico political scientist Luis Javier Garrido: "The Narco System"]

[Text] The Mexican "system," according to much evidence, is being increasingly influenced by "drugs." This explains the current campaign of official propaganda seeking to prove the opposite, a campaign that is obviously aimed at the outside world as a function of the Free Trade Agreement (FTA).

1. The murder of Cardinal Juan Jesus Posadas Ocampo (the bishop of Guadalajara) at Guadalajara airport on 24 May 1993 has given rise, not to a serious investigation, but rather to a political operation by Salinas, who first of all has sought to exempt himself of any responsibility because he almost immediately decided to explain away the murder as a "mistake" by some drug-trafficking gangs. In this connection, he also endeavored to disassociate the government from these gangs by mounting an enormous propaganda operation. In other words, the government has tried to shift the national debate on the cardinal's death (and we still do not know who killed him or why) to the problem of drug trafficking, which "overlapped" with it. His murder, which for various reasons evidenced the country's political backwardness and the corruption of the ruling bureaucracy, has been used since then by the pro-government press and Los Pinos lobbyists in the United States to show that the government is battling "drugs," in particular by arresting several kingpins (whom it could, of course, have arrested years ago if it had wanted to).

2. The media, therefore, began to discuss the issue in different terms, and a new focus of government public relations then emerged, especially in connection with the FTA. Mexican governments, it has been said over and over again since then, have always battled the drug traffickers, who wield very great power but who are being overcome, and the current government is no exception. Even an independent magazine like PROCESO (No. 865) demonstrated a

slanted reading of events with this headline: "Drug Trafficking. The Government Cannot Cope." In other words, it wants to but cannot. One is forced to ask whether this is true, because developments have been demonstrating the contrary: the government only wants to to a certain degree, only to the extent that the U.S. Government demands that it do so, and there is but one reason for this: drug trafficking is already an essential part of the "system."

3. Mexican society does not believe the authorities' explanations about "the Posadas incident," not only because in Mexico's recent history political crimes have not been solved (10 June, Buendia), but also because the government has fallen all over itself to come up with a political, not judicial solution to the matter, thus showing what its real intention has been. The Office of the Attorney General of the Republic (PGR) once again sought the endorsement of a figure as discredited as nuncio Geronimo Prigione in dealing with its problems, issued a series of implausible accounts of the incident, and then came out with the preposterous final version that Attorney General Jorge Carpizo gave. The government is now trying to bolster this version, which caused such hilarity and was described as "a fairy tale," by arresting "Chapo" Guzman, who obviously did not commit the murder.

4. The production and sale of narcotics has been, as we know and as many studies have shown, a "lifesaver" for the Mexican economy; as a result, the most recent governments have tolerated and even sponsored it, thus turning it into a major political factor. Relations between the United States and Mexico thus became marked by fundamental disagreements not only over the growing immigration of Mexicans seeking jobs on the other side of the border but also over the production and export of narcotics, particularly because the Mexican authorities regard these two things as essential elements of their economic policy. Hence the fears that under a North American FTA they would intensify, not diminish. Given the shortcomings of the Mexican economy, drugs have furthered the agenda of the technocrats by creating jobs, raising the income and living standards of poor peasants, contributing to local causes among low-income earners, building schools, clinics, or roads, and thus gaining the support of entire communities.

5. Mexican governments have thus encouraged an increasingly close relationship with the drug traffickers, for one purpose: "the system" needed them, and it was better to ally with them and supposedly keep them under control than to remain uninvolved in their activities. As a result, various agencies of the federal and state governments were gradually infiltrated and the line between them and the networks of drug traffickers became blurred. Accordingly, government policies, particularly under De la Madrid and Salinas, took a dual tack in relations with the new partners. On the one hand, the government has sought to fight them but, on the other, it protects them. The consequence is a policy that is not too clear in this regard: the "kingpins" should be arrested only when they violate one of the "unwritten" agreements with the authorities and/or when there is a very big international scandal, as in the "Camarena affair." There is one reason for this: drugs are not just a major economic factor; they have become a political factor too.

6. Owing to the logic of power, the reasons of "the system" have histor[illegible] the reasons of State," and this has prevailed [illegible] of the "drug mafias."

7. This scenario has been compounded during Salinas' term by new practices. According to many uninvestigated charges, one practice has been the laundering of drug money through the privatization of state-run enterprises, particularly the banks. Businessmen who did not have much money a decade ago, many of whom helped to finance the PRI campaign in 1988, are now among the wealthiest people in the world, with no apparent reason for their new wealth. Hence, if these charges are true, an alliance has been forged between drug traffickers and technocrats, with the additional upshot that Mexico's financial institutions would lose a great deal if their money laundering were halted.

8. According to various pieces of evidence, moreover, drug money has flowed directly into PRI in such a way that in several instances one can speak of a symbiotic relationship between the networks of drug traffickers and the apparatus of the State party. In 1992, for example, during Jesus Macias' campaign for governor of Chihuahua and Renato Vega's campaign for governor of Sinaloa, both they and their party were accused repeatedly of possessing enormous financial and material resources the origin of which they could not demonstrate and about which there were not only suspicions but even evidence that they had come from drug trafficking, despite which the PGR failed to investigate. The refusal of the General Council of the Federal Electoral Institute a year later (9 June 1993) to investigate the origin of PRI's resources (and there is all kinds of evidence that they are being obtained illegally) merely confirms these suspicions.

9. One final element in this scenario would be the penetration of drug traffickers not only into central government institutions but also into judicial bodies. The cases of district judges who have freed people indicted for crimes against public health leave no doubt that these tentacles reach even into the nation's Supreme Court. This is the "Colombianization" of the Mexican judicial system.

10. The performance of the PGR, headed by Carpizo, in dealing with this entire issue has unquestionably been deplorable. It has served to exonerate and make propaganda for the chief executive, for the government bureaucracy, and for its party and has failed to circumscribe its actions, as the constitution provides, to "the prosecution of crimes." It has failed to investigate the many government officials who are charged in the United States with having ties to drug traffickers, nor has it investigated the cases of the new bankers.

If this keeps up, the Mexican "system" will without doubt be increasingly influenced by the drug business.

Belize

Elections Conclude Without Incidents

PA0107030393 Panama City ACAN in Spanish 0122 GMT 1 Jul 93

[Excerpts] San Jose, 30 Jun (ACAN-EFE)—The general elections in Belize concluded on 30 June at 1900 local time (0100 GMT Thursday) after a day without any incidents although from the opposition party there were charges of possible fraud in the process.

The only information on voter turnout was provided unofficially. This indicated a 40-percent abstention rate by the 100,000 voters called to the polls that were opened at 0700 local time (1300 GMT). According to political party spokesmen, the percentage of voters was around 60 percent, that is, over 10 percent below those registered during the 1981 and 1985 elections.

The elections were only tarnished by accusations made by the United Democratic Party (UDP), led by Manuel Esquivel. The UDP made these charges against the People's United Party, led by current Prime Minister George Price whom they accuse of allowing Central American immigrants to participate in the elections.

In spite of the allegations of fraud, Antonio Gonzalez, president of the Commission for the Defense of Human Rights in Belize, told ACAN-EFE, "there are doubts, but no evidence has been presented." [passage omitted on background material]

This election campaign has been the most aggressive in the nation's recent history given the charges made by opposition leader Manuel Esquivel. Esquivel accused Price of fraud and of badly managing foreign relations, particularly with Guatemala with which it established diplomatic relations in 1991.

The first official results of the election will not be known until after midnight.

El Salvador

Defense Minister Claims 'Radical Leftist Plot' Exists

PA0107043693 San Salvador EL DIARIO DE HOY in Spanish 30 Jun 93 p 5

[Excerpt] Defense Minister General Rene Emilio Ponce claims there is "a radical leftist plot" against his life and that of other prominent members of the Armed Forces High Command. "There is a radical leftist plot against members of the Armed Forces," the military officer stated. Ponce will be leaving his post on 1 July to engage in politics.

A few weeks ago the so-called "Salvadoran Revolutionary Front (FRS)," made up of alleged FMLN [Farabundo Marti National Liberation Front] dissidents, threatened to kill Armed Forces officers. Since then several military members have been killed.

The military chief said that he and other Armed Forces High Command members will adopt security measures when they retire. [passage omitted covered by referent item]

Armed Forces Announce Changes in Military Posts

PA0107042493 Panama City ACAN in Spanish 0324 GMT 1 Jul 93

[Text] San Salvador, 30 Jun (ACAN-EFE)—The Salvadoran Armed Forces officially announced on 30 June 17 changes in high command posts, on the eve of the deadline for Salvadoran President Alfredo Cristiani's report to the UN concerning the completion of a purge in the military corps.

The list included in the Armed Forces' 30 June General Order for Changes does not list the high-ranking commanders who will retire, although it is known the four general staff members will no longer be on active duty effective 1 July.

The following will leave the military corps on Thursday, 1 July: Defense Minister Gen. Rene Emilio Ponce and Deputy Defense Minister Gen. Orlando Zepeda; and their comrades in arms, Gen. Nelson Gilberto Rubio and Gen. Mauricio Ernesto Vargas, chief of the Armed Forces Joint Chiefs of Staff and deputy chief of the Armed Forces Joint Chiefs of Staff, respectively.

The Truth Commission appointed by peace accords mandate to investigate crimes perpetrated during the civil war has accused Ponce, Zepeda, and Rubio of ordering the assassination of six Jesuit priests in November 1989—but this has been denied by the high-ranking military officers.

According to a UN official, Cristiani had left pending the retirement of 14 of the 103 officers included in the Ad Hoc Commission report. The contents of this report have been kept secret since September 1992, when it was delivered to UN Secretary General Butrus Butrus-Ghali.

The list of appointed officers is as follows:

Defense Minister: Colonel Humberto Corado Figueroa.
Deputy Defense Minister: Col. Roberto Tejada Murcia.
Chief of Staff: Col. Jaime Guzman Morales.
Assistant Chief of Staff: Col. Angel Orellana.
Air Force Commander: Col. Juan Antonio Martinez.
National Navy Commander: Captain Mario Argueta Franco.
1st Infantry Brigade Commander in San Salvador: Col. Isaac Duke Lozano.
5th Infantry Brigade Commander, San Vicente Department:Col. Salvador Sosa C.
Military Detachment No. 2 Commander, Sensuntepeque, [words indistinct]:
Lieutenant Colonel Luis Adolfo Orellana Cisneros.

Military Detachment No. 7 Commander, Aguachapan Department: Lt. Col. Jose
Sidney Rendon Yudice.
Transmission Support Center Chief: Lt. Col. Benjamin Ernesto Magana Sierra.
Special Security Brigade Commander: Col. Angel Eliseo Ramos.
Corps of Engineers Command: Col. Hernan Martinez Colocho.
Military Industry Command: Lt. Col. Francisco Rivas Ramos.
Logistical Support Command: Lt. Col. Wido Antonio Adriatta.
Military School Director: Lt. Col. Alvaro Antonio Calderon Hurtado.
Military Doctrine Command: Col. Nelson Ivan Saldivar Araujo.

FMLN Leader Comments on Military High Command

PA3006004193 San Salvador Radio Farabundo Marti Network in Spanish 1230 GMT 29 Jun 93

[Report by Evelyn Fernandez]

[Text] Shafik Handal, general coordinator of the Farabundo Marti National Liberation Front [FMLN], stated on 28 June that it is reproachable to have paid all sorts of honors to the Army High Command members who on 30 June will leave their posts in compliance with the Peace Agreements. It is also reproachable that these military people who have been described as human rights violators by the Purge Commission and the Truth Commission have been given extra money, Handal pointed out.

During a news conference, the FMLN coordinator said that the new Armed Forces High Command must show respect for the reformed Constitution and the Peace Agreements.

[Begin Handal recording] We think that it is very reproachable that an effort has been made to pay all sort of honors to these people, who have been described by the Truth Commission—not only by the Ad Hoc Commission—as human rights violators, and that on top of this their pockets have been filled with extra money.

Measures were adopted to give them a higher rank so that they may receive increased retirement benefits and privileges.

With regard to the new high command, we want to say that we are not going to state our opinion on them as persons. We believe that we must first see their performance. But we do want to say that the new high command has the obligation to respect the Constitution, with its Chapultepec Agreements reforms, and also the Chapultepec Agreements, which were signed by the Armed Forces and were represented in the negotiations by General Vargas. [end recording]

The Armed Forces members must forget the old tradition in which they see themselves steering the state wheel because they have nothing to do there, Handal stated.

The important FMLN leader also urged the new military commanders not to let extremist sectors, which want to defeat the peace agreements, pressure them.

FMLN Terms Military Officer Appointment 'Serious Violation'

PA2906220693 San Salvador Radio Venceremos Network in Spanish 1800 GMT 29 Jun 93

[Text] The appointment of a military officer to the National Civilian Police [PNC] is causing controversy. The appointment of an Army captain as deputy director of operations of the new PNC has unleashed a controversy between the government and the former guerrillas, who claim the peace agreements have been violated.

Captain Oscar Pena, former chief of the Drug Interdiction Executive Unit of the current PNC, was appointed on 1 June by Jose Maria Monterrey, the director of the new police, to be in charge of PNC operations. Monterrey said the military officer, who was discharged from the Army a day before being sworn in, is a top-quality person. Pena is a person we need in the PNC for the benefit of the Salvadoran people. He is strong, strict, and capable of carrying out duties at the PNC, Monterrey said.

He noted that according to the peace agreements, the PNC director has the right to appoint whomever he wants in the deputy directorate of operations and administration of the PNC.

The Farabundo Marti National Liberation Front [FMLN] said the appointment of Captain Pena is a serious violation of the peace agreements signed with the government last year. Shafik Handal, general coordinator of the FMLN, said, while quoting an article from the Salvadoran Constitution, that military officers cannot be stripped of their rank, honors, and privileges, except in cases determined by the law. A military officer remains a military officer his entire life unless he is stripped of his status due to disciplinary reasons, the former guerrilla leader said.

Handal said the peace agreements only allow the hiring of independent civilians, 20 percent of them former police officers, and 20 percent of them former Salvadoran guerrilla fighters. There is no room for military officers, according to Handal, who reported the case to Colombian Augusto Ramirez Ocampo, chief of the UN Observers for El Salvador, last week.

The PNC replaced the National Guard and has up until now deployed more than 500 policemen in three of the 14 departments of the country. The PNC was a product of the peace agreements and the idea was to replace the defunct National Guard and Treasury Police, which were accused of violating human rights before and

during the Salvadoran civil war. The PNC will deploy more than 100 policemen in the La Union Department in July and in the next five years it should have 10,000 police officers in its ranks.

Guatemala

President De Leon Carpio Gives Army Day Speech

PA3006221493 Guatemala City Television Networks in Spanish 1825 GMT 30 Jun 93

[Speech by President Ramiro De Leon Carpio on the occasion of Army Day in Guatemala City—live]

[Text] Mr. Vice President of the Republic, Messrs. Presidents of state organizations, civilian and military authorities, Messrs. members of the diplomatic corps, special guests, Guatemalan people.

Guatemala has returned once more to the road to democratic institutionalization, after overcoming the aggression of those who have refused to recognize that sovereignty is firmly supported by the people. The event compels us to reconsider the role played by the Army during those difficult moments. It is not a matter of making accusations or congratulating those who fulfill their duty; but it is certainly necessary to state on this 30 June the profound satisfaction I feel when recognizing that the institutional moment we now are experiencing is possible due to the efforts exerted by all of Guatemalan society and the professional actions carried out by the Guatemalan Army, which is part of that society and aptly heeded the people's appeals and abided by the Constitutionality Court's mandate to reinstate the state of the law.

It is important to state on this occasion that, as commander in chief of the Army, I will exercise the role with fairness and firmness. I will work in coordination with the High Command members so we may have a better concept, design, enforcement, and supervision of military policies aimed at achieving national goals. Our main concern will be the fulfillment of the mission that the Constitution assigns to the Guatemalan Army. We will give emphasis to the Army's professionalization and readaptation according to the demands and needs of a free and participative society and an increasingly interdependent international community.

As president of all Guatemalans and commander in chief of the Army, I expect and demand an armed corps that respects the state of law, that responds to changes in Guatemalan society, and that continues to fulfill its pledge to strengthen the democratic system—as proved by the attitudes assumed on 1 June 1993. We remind the citizens in uniform and all our society that sovereignty is firmly supported by the people, and the people's will must be respected.

A military institution must be conscientious, respectful, and defend the supremacy of human beings as the essence and reason for social order. It must also continue to develop its leadership role, capability, and responsibility at every level; and it must realize that every member of the Army must be responsible for his actions before his superiors, the law, and the people.

As president of the Republic, my obligation is to guarantee the enforcement of and respect for human rights; and my responsibility includes the prevention of and punishment for violations that may derive from illegal actions carried out by any member of the state organizations. The command of the Army will be a responsibility carried out through normal channels by professional soldiers and according to guidelines designed by the High Command, which I preside over as commander in chief.

I am convinced we must do as much as possible to achieve peace. Changes in the Guatemalan society demand comprehension, cooperation, solidarity, and, basically, understanding among all Guatemalans—without distinctions or sectarianism, leaving aside stereotypes and prejudices. The latter have not allowed us to communicate and get to know each other; and have led us to a deplorable dispute among brothers for over 30 years.

One of the greatest hopes shared by all the Guatemalan people is the achievement of peace—a peace which does not only mean the absence of a military conflict; which results in unity with justice, liberty, equality, respect; which resulted in the strengthening of democratic institutions. I am responsible for our national unity by constitutional mandate. Consequently, I congratulate you on this new anniversary and I express the hopes of a nation that wants to live in peace based on the disciplined professional development of its democratic institutions.

Let us not forget the construction of a better society begins by countering unfair social, political, and economic structures which have prevented our people's development and have precluded the possibility of creating a dignified and solidaristic homeland.

To conclude, I consider it timely to issue an appeal for national unity so that, as Guatemalans, we may join efforts and put national interests ahead of the interests of groups and our personal interests. In this way, we will be able to use the great opportunity we now have to achieve all the Guatemalan people's hopes and goals.

We will forge a better future for the nation with faith in God and confidence in the Guatemalan Army's professional capability. We will continue forward supported by the people and the international community. Thank you. [applause]

Defense Minister Addresses Army Day

PA3006224093 Guatemala City Television Networks in Spanish 1815 GMT 30 Jun 93

[Speech by Defense Minister General Mario Rene Enriquez on the occasion of Army Day at the Campo de Marte field in Guatemala City—live]

[Text] Your Excellency Constitutional President of the Republic and Commander in Chief of the Army; Your Excellency Constitutional Vice President of the Republic; President of the Judicial Branch; Brigadier General Chief of Staff of the National Army; Messrs. officers, superior officers, commanding officers; Messrs. specialists, cadets, alumni of the different Adolfo V. Hall [military institutes] of the Republic; soldiers of Guatemala; ladies and gentlemen, good afternoon.

Never before did the word democracy have so much significance as it does at the current historical moment when the Guatemalan Army, heeding the supreme constitutional mandate, came to the rescue of the judicial order to guarantee for the citizenry the respect of the will of the majority expressed through popular suffrage.

The standing constitutional order was interrupted and the armed institution could not endorse an action that would polarize the Guatemalan family, thus, further worsening the social confrontation and division that would have finally degenerated in political, religious, or racial confrontation.

The Army echoed the outcry of the popular sectors to return to the institutional atmosphere that would guarantee the free exercise of their rights in light of the threat of the partial annulment of the Guatemalan Constitution.

However, I must clarify that it is not the Guatemalan Army's duty to question the current social-political reality or comment on the events that took place beginning 26 May because, in this context, the institution became the point of balance between the State branches.

I believe it would be timely to reiterate that the actions by the Army have been within the framework of the precepts set by the Constitution of the Republic of Guatemala. And, if due to the special circumstances, it had to play a determining role in this short process of interruption of the constitutional order, it was never done with the intention of going astray from the sovereign will of the people, but to guarantee the immediate return to the supreme rule of law.

It must be clear that the Guatemalan Army limited its actions to being the axis of balance between the demands from the diverse popular sectors and the political groups, while considering the wishes of a majority of Guatemalans who, for geographical reasons, could not take part in this historical moment.

Today, that waters have again subsided, I deem it necessary to make this clarification for those who still do not have a clear view of the role played by the Guatemalan Army before the dignified stance of a people that demanded the exercise of sovereign power and their attitude translated to an absolute rejection to the autocracies of the past.

It is imperative, in this magnanimous celebration of the 122d anniversary of the institutionalization of the Army of Guatemala to point out that the State has suffered, for over 30 years, a military and ideological aggression from sectarian groups with particular interests, which has prevented the real take-off in the economic, political, and social fields.

The armed institution has responded militarily, thus minimizing the threat which now persists on the political field through onerous advertising campaigns on a national and international level by spreading tendentious information against the Guatemalan Army regarding supposed actions against the civilian population. To those smear campaigns, we must add the million-dollar losses caused by the destruction of part of the country's infrastructure, such as electricity towers, bridges, works that were financed with the funds collected from taxes, fruit of the honest work of Guatemalans.

Nevertheless, there is something that is really irreplaceable. I am referring to the loss of valuable civilian and military lives, sacrificed in a useless war caused by the lack of understanding of unscrupulous Guatemalans who, in their search for power, continue to ignore the reality of the historical social process our nation is experiencing.

It is incredible that, now that we are nearing the end of the century punctuated by significant geopolitical events that have changed the history of mankind, the insurgents continue to carry out reproachable practices such as armed harassment against defenseless communities, or laying mines along roads which only serves to mutilate helpless peasants who are innocent victims of terrorist activities that are directed from overseas.

The Armed Forces are pleased with the cease-fire proposal announcement made by the insurgents. Nevertheless, it is necessary to emphasize that during more than three long decades of aggression by terrorist groups, the Guatemalan Army has always defended the sovereignty and integrity of the nation by faithfully obeying its constitutional mandate. The Army has distinguished itself by not being a warmongering institution, but by being an organization that professes an incredible vocation for firm and lasting peace. Evidence of this lies in that we have always been willing to participate in a dialogue at the negotiation table.

Guatemala is headed toward a new era in search of genuine popular consultation mechanisms that will result in the effective participation of all of society in solving the urgent needs that overrun the country in such a way that, joined together by a common destiny, we may all ease the consolidation of a real democracy. This

is the historical moment that may lead to the reconciliation of the Guatemalan family sheltered by a legal government consecrated in our Constitution and respected in all its magnitude by the Guatemalan Army.

It is worthwhile mentioning that the innate moral values instilled in the professional soldier is what really pointed out the rightful path leading to the solution of this historical challenge under the premise that the commanding officer's example is the mirror in which the junior officer sees himself reflected. This constitutes a sacred military inheritance established in the classrooms of our cherished military academy.

Considering this, in the name of all the men in uniform who proudly make up the Guatemalan Army, I symbolically deposit an offering of devotion on the altar of the anonymous heroes killed in the line of duty who gave their generous blood to bequeath a better Guatemala to the current generation.

The Guatemalan soldier has played a fundamental role as one of the true craftsmen of peace in this process of sociopolitical transformation our nation has experienced. His 24-hour patriotic duty protecting the nation's interests allows us now to commemorate the 122d anniversary of the 1871 heroic revolutionary deed in a climate of harmony and national fraternity.

The structural changes of the Guatemalan Army maintains a constant evolution in its organization because as an institution of service it must be prepared to answer all modern demands. What this really means is that the evolution itself demands structural changes in the institution's technical knowledge as well as its professionalism so that as an institution with a 100-year-old tradition, the Army is constantly renovating to better carry out its constitutional duties.

In the name of the Guatemalan Army, it only remains for me to present a fraternal salute to all of the country's productive sectors, joined together in a common destiny and a common ideal. The strengthening of the democratic institutions and the attainment of peace constitutes the most cherished dream of the Guatemalan people. A dream we will only be able to accomplish through the reconciliation of the Guatemalan family. Thank you very much.

President De Leon Carpio Swears In New Ministers

PA3006235293 Guatemala City PRENSA LIBRE in Spanish 30 Jun 93 p 47

[Text] Three professionals on 29 June took over the Ministries of Energy and Mines; Agriculture, Livestock, and Nutrition; and Economy, thereby forming part of Ramiro De Leon Carpio's cabinet.

The president swore in Jose Luis Terron Calderon as energy and mines minister. Terron replaces Cesar Fernandez who, as the rest of the former government officials, had presented his resignation. The new minister said, among other things, that the most important thing was to carry out the plans outlined by the president, particularly with regard to the integration of the power sector.

Meanwhile, Luis Arturo del Valle Garcia was appointed by President De Leon Carpio as agriculture, livestock, and nutrition minister to replace Adolfo Boppel Carrera, who also had resigned. The new agriculture minister said: "I believe that conditions are set out to find new areas and new approaches for the implementation of agriculture programs. This is a time when all Guatemalans should make an effort to support the president who has taken on a great responsibility for our nation's benefit."

To conclude, after the president had accepted Economy Minister Gustavo Saravia's resignation, Deputy Minister Irma Luz Toledo will take charge temporarily. Meanwhile, Eduardo Sperinsen-Yurt will continue—until new orders are received—to act as deputy minister in charge of integration matters. Rolando Portillo, the undersecretary general of the Presidency, noted that Saravia had resigned 10 days ago but, it was not until 29 June that President De Leon Carpio accepted his resignation.

Further on Appointments

PA3006164993 Panama City ACAN in Spanish 1448 GMT 30 Jun 93

[Text] Guatemala City, 30 Jun (ACAN-EFE)—Guatemalan President Ramiro De Leon Carpio on 30 June appointed Jose Luis Terron new energy and mines minister and Luis Arturo del Valle new agriculture minister. Terron will hold the position left vacant by Cesar Fernandez and Del Valle will replace Adolfo Boppel.

Nearly one month after becoming president after Jorge Serrano's removal following his self-inflicted coup on 25 May, De Leon Carpio has reorganized the Army High Command twice and is about to conclude the appointment of his cabinet.

De Leon was elected nearly by consensus by the Guatemalan Congress on 6 June. Up to now the government is formed by the following:

President: Ramiro De Leon Carpio
Vice President: Arturo Herbruger
Defense Minister: General Mario Enriquez
Government Minister: Arnoldo Ortiz Moscoso
Foreign Minister: Arturo Fajardo
Communications Minister: Oscar Armando Amaya [name as received]
Education Minister: Celestino Tay Coyoy
Health Minister: Gustavo Hernandez Polanco
Energy Minister: Jose Luis Terron
Agriculture Minister: Luis Arturo del Valle

The finance, labor, economy, and culture and sports ministers have yet to be appointed.

Congress Appoints New Human Rights Ombudsman

PA0107032993 Guatemala City Teleonce Television in Spanish 0400 GMT 30 Jun 93

[Excerpt] Dr. Jorge Mario Garcia Laguardia has been appointed human rights ombudsman by the Congress of the Republic. Garcia Laguardia, one of the most outstanding Constitutional Court members in Latin America, was elected by 87 votes from a list of three candidates and in a third electoral round. The list of candidates included Dr. Carlos Larios Ochaita and Dr. Carlos Enrique Reynoso Gil. [passage omitted]

President De Leon Carpio Vetoes Electricity Rate Subsidy

PA0107033593 Guatemala City SIGLO VEINTIUNO in Spanish 29 Jun 93 p 4

[Text] President Ramiro de Leon Carpio stated yesterday, 28 June, that the subsidy on electricity rates ordered by the Congress to benefit lower middle class and lower class homes could be unconstitutional, according to a file that accompanied the veto against Decree 17-93 that was forwarded to the Legislative Branch yesterday.

Basically, De Leon Carpio vetoed the subsidy because it could be unconstitutional, considering it is no longer needed because a judge suspended the rate increase last March and the government lacks the financial resources to cover the subsidy.

As for the alleged unconstitutionality, President De Leon Carpio doubted Congress has the power to give subsidies on rates set by the decentralized agencies (National Institute of Electrification), corporations (Guatemalan Power Enterprise, Inc.), or autonomous entities such as the municipalities. That is why the president suggested that the doubt be clarified through an adequate means, such as the Constitutionality Court.

The Executive Branch cannot cover the subsidy, which would total 115 million quetzals this year, he said. De Leon Carpio also recalled that in the past years the government has spent over 1 billion quetzals to pay and service the foreign debt. This year, the government will have to disburse 66 million quetzals in this area.

Congress President Jose Fernando Lobo said upon receiving the presidential veto that the file will be submitted to the full Congress, which may decide to accept the veto or override it.

Official Explains Government's 180-Day Plan

PA0107145393 Guatemala City PRENSA LIBRE in Spanish 30 Jun 93 p 43

[Text] Fernando Fuentes Mohr, secretary general of the General Secretariat of Economic Planning (Segeplan), announced at a news conference on 29 June the guidelines and strategy of the government's 180-day plan, which was drafted by President De Leon Carpio, targeted to fight poverty.

The plan will be socially oriented, with the specific aim of reducing poverty, Fuentes Mohr explained. He said the plan will promote social investment and emergency funds, in addition to traditional programs, to provide an immediate response to investment.

Emphasis will be placed on literacy and preschool and primary educational programs. In the health sector, the idea will be to tackle the hospital crisis and fight cholera. Projects involving road maintenance, waterworks, and others will continue to be maintained in the field of infrastructure.

Fuentes Mohr said there are approximately 414 projects planned for implementation within the 180-day plan. He said the programs have been established in keeping with the country's economic possibilities.

Government Extends Fuel Compensation Fund

PA3006140393 Guatemala City SIGLO VEINTIUNO in Spanish 29 Jun 93 p 5

[Text] The decision to extend indefinitely the use of the Fuel Compensation Fund (FCC) was made on 28 June during a meeting in which the Energy and Mines minister, as well as the Finance minister, participated with the National Assembly Energy Commission members.

Deputy Arturo Amiel indicated that all the participants in the meeting, including Finance Minister Richard Aitkenhead and Energy and Mines Minister Cesar Fenandez agreed to extend the FCC. The FCC was extended because as no current adequate legislation exists to replace it, there is the risk that fuel prices will increase if the FCC is eliminated.

The National Assembly deputy stated that President Ramiro De Leon Carpio had requested the Energy Commission to extend the FCC for only a 60-day period, however, the necessary legal requirements might not be completed within the 60-day period. Nevertheless, Deputy Amiel said he agreed with the president on the need to find a solution to the problem.

Meanwhile, Energy Commission President Carlos Perez Castaneda pointed out that extending the FCC would take place by reforming Decree 38-92. The approval of this reform will be declared a matter of national urgency by the Assembly.

As of this week, the energy commission president stated, the commission will officially start to analyze a hydrocarbon marketing bill proposal that was disclosed by Mines and Energy Minister Cesar Fenandez.

Perez Castaneda indicated that once the bill has been approved, the FCC would be eliminated. As long as there is no legal foundation to regulate fuel marketing, eliminating the FCC would simply increase the risk of uncontrolled and disorderly price increases.

With respect to the FCC extension guaranteeing that there will be no fuel price increases, Castaneda stated that this would be the case at first but it is unknown what can happen in one month. In any case, any new fuel price increase that takes place will not be uncontrolled since that is why they are working on a new fuel bill.

Honduras

Callejas Speaks on Investment in Central America

PA3006004493 Tegucigalpa Voz de Honduras Network in Spanish 1700 GMT 29 Jun 93

[Speech by Honduran President Rafael Leonardo Callejas during a conference on Central American investment and commerce in San Pedro Sula; date not given—recorded]

[Text] [Words indistinct] I would like to recount a story that Spanish Prime Minister Felipe Gonzalez told me. He said that, during the first 10 years of his government, German investors, the German foreign minister, and foreign ministers of other countries as well, used to come to Spain every year and tell him: President Gonzalez, good for your government program. We are pleased that you take freedom of market into consideration. We are satisfied with Spain's political institutions. We praise your effort. But during these 10 years, Europe, and Germany in particular, never invested a single mark in Spain. They were waiting. But waiting for what? They were waiting for Spain to become competitive and capable. They were waiting for Spanish quality products to enter freely the world market at fair prices. And they were waiting for such an effort to result in the profit that investors demand in exchange for the money invested.

Let us look at it this way: Central America currently offers just such an alternative. As the result of our economic freedom and institutional programs, we believe foreign and local investment will yield both short-term and long-term substantial profits, that this yield will be guaranteed within the framework of obedience to law, that capital can be freely transferred, that such programs will not curtail investment, and that they will permit any citizen of the world to invest under the same terms as any local citizen.

These are the rules of the game. This is reality. The (?relationship) should be based on credibility and confidence that the investment will produce a substantial yield and that capital can move freely, without limitations. This is the Central America that we intend to offer. Toward this end, we have taken important economic steps by opening our economy, lowering tariffs, establishing monetary freedom, and making monetary policies competitive. In addition, we have been spending on infrastructure, setting up parameters to guarantee the supply of electricity, and making a special effort in a field which is essential for our nations, that is to say, preparing human resources.

These factors are the responsibility of the government policy. A nation, and Central and Latin America are not the exception, cannot create conditions for development unless it has efficient telecommunications, a good infrastructure, such as highways and electricity facilities, and a program for training human resources.

This is the type of effort the Central American governments are making and putting at the disposal of foreign investors willing to share with us participation in these areas of investment. The frame of mind has changed much. With time, the generation of electric energy will be in private hands. Telecommunications will provide the opportunity for private and public investors to expand their participation. Summing up, we Central Americans, particularly Honduras, a nation which welcomes you with open arms, acknowledge that our development lies with private investment but that private investment requires guarantees for an acceptable profit. We are aware that every person who invests expects to make a profit. Is this not capitalism's reason of being? For this reason, by cosponsoring this conference with the United States and Japan and with Taiwan's support, we want to tell investors they can rest assured that the Central American mentality has changed much. We no longer want to depend on our governments. Instead, we want to stimulate development through private investment. This is our only alternative, which we recognize as governments. We are aware it is imperative to create confidence, credibility, and in particular competitiveness. We know, and you know it even better than I, that we will attract foreign capital only if we are competitive. If we are not, no one will invest if he cannot get a reasonable profit from his investment, here or anywhere else. The movement of capital has no limitations. It does not require passports, visas, or air transportation. All it takes is the decision to move to another country provided there are reasonable profits.

Central America is in just the right position, possesses the natural resources and willingness, and, in particular, for preferential reasons, it has access to the U.S. market through the Initiative of the Americas, to Europe through the EEC's preferential treatment, and to Mexico, Venezuela, and Colombia. Nearly 87 percent of Central American products can enter these markets, tax free, for no less than five years. In other words, the mere recognition of these integration policies contains the essential admittance that these countries are willing to give Central America the competitiveness that makes us attractive to foreign investment.

May you receive a sincere and brotherly embrace from Central America, and particularly Honduras, its people and my government. May San Pedro Sula look after you well, as usual, during your visit to our country. Thanks.

Nicaragua

Cesar Comments on UNO, Government Talks

PA3006170093 Managua Radio Corporacion in Spanish 1030 GMT 29 Jun 93

[Text] After long hours of talks between the government and the National Opposition Union [UNO] Political Council, the only specific agreement the sides reached was to meet again on 1 July. UNO leader Alfredo Cesar said the Independent Liberal Party [PLI] did not attend the dialogue because it lacks confidence in the government. He added that it is annoying to waste time. Let us listen to him.

[Begin recording] [Cesar] Yes, it is important. We will have to learn why the PLI decided not to attend the round of talks with the government on 29 June. I must say all of us at UNO are terribly annoyed to be wasting time. We have let almost 40 days go by between the second and third meetings while the country is sinking deeper into a profound crisis and the people are suffering the consequences. UNO attended the meeting just as eager to find true solutions to the country's problems, particularly solutions that the people can notice. We will listen to the reasons the PLI leaders had for not attending, as we cannot speak for them.

[Unidentified reporter] This interests us because...

[Cesar, interrupting] This does not in any way change the PLI participation and relations within UNO. I am talking about their failure to attend the meeting.

[Reporter] [Question indistinct]

[Cesar] Roberto Urroz, the UNO coordinator, stated during a preliminary meeting we held at the UNO offices that the PLI leaders said they had no confidence in the government's commitment to resolve disputes and is simply buying time without producing results.

[Reporter] Does this in any way resolve the country's problems?

[Cesar] I have the obligation as a political leader to exhaust the procedure of a serious dialogue with President Violeta Barrios de Chamorro. I feel this procedure has not been exhausted.

[Reporter] [Question indistinct]

[Cesar] We agreed on a (?nine-point) agenda, containing all the points that interest UNO. We were able to get the government to accept the UNO position that a bilateral UNO-Executive dialogue is necessary for the national dialogue to succeed. Those are the things we have achieved. It has taken us a very long time to reach this agreement, considering the Nicaraguan crisis requires urgent solutions. [end recording]

PLI Leader Explains Withdrawal

PA3006181193 Managua Radio Corporacion in Spanish 1030 GMT 29 Jun 93

[Text] The Independent Liberal Party, PLI, has not separated from the National Opposition Union, UNO. PLI President Wilfredo Navarro informed us why PLI is not participating in the government talks.

[Begin recording] [Navarro] Thank you very much. I want to clarify two matters that I believe are very important. First, PLI has not left UNO and is still an UNO member. Second, PLI considers a dialogue is the only alternative to solve the country's problems. We, however, have studied the way the government has handled the dialogue and consider it to be detrimental. It has manipulated the dialogue for its benefit and to give the international community the impression it is holding a dialogue. The dialogue with the government entails a political cost that is being paid by the parties attending the dialogue [two-second break in transmission] solution.

The national dialogue has been handled in a Byzantine manner. The talks have been long-winded. We have talked and talked. The government prolongs the talks but no clear, concrete political agreements result. Rather, the government makes fun of the UNO leaders when the presidency minister says we have talked for 1,000 hours and we will continue to talk for another 1,000 hours.

The government, moreover, does not present a political guideline and does not show the slightest will to reach agreements with UNO. The government only uses the dialogue to misconstrue UNO's position and to present an outlook that is not the one Nicaraguans really want.

For this reason and consistent with the PLI's tradition of fighting, which dates back more than 50 years; our national importance and the fact that we are the country's moral reserve, PLI has decided not to continue to lend itself to the farce called the national dialogue. We will not return to the negotiating table until the government presents a concrete and clear position and gives clear indications that it wants to resolve the country's problems. We would applaud and willfully return to the national dialogue if, at the 29 June meeting between the government cabinet and the UNO parties, an agreement would be reached regarding the verification commission or to solve the National Assembly problem. Actions speak louder than words.

This is the PLI's position. We cannot continue to cheat the people with long-winded discussions that do not result in agreements, but result in political parties being misjudged and the government presenting a positive image to the international community. This is the PLI's position. We are not against the dialogue. We believe it is the solution. We, however, do not feel it is worth our

while to continue to sit in a chair and talk because we do not reach agreements or concrete solutions to the country's problems.

While we talk, the agricultural season is lost, producers continue to be murdered, and chaos and violence continue to take place in the rural areas. We cannot continue to allow this to happen. We believe it is time to alert the other parties in UNO. We, thus, refuse to sit at a negotiating table that has not yielded concrete solutions for the country.

[Unidentified reporter] Finally, whatever happened to the famous truth commission? Will it ever appear or was it only a way of getting out of the problem at the time?

[Navarro] The truth commission is an example of the problems I have been talking about. While we dialogue, actions to promote the Nicaraguan democratic process have been sensationalized by the media. For example, the presidency minister presented the image that we were negotiating in the United States. Thus, the people who were promoting the truth commission and demanding that the crimes of the Sandinists be investigated, have decided to stop their actions for the time being because there was an ongoing dialogue between UNO and the government. This is what we want to stop. We do not want foreigners to have a wrong impression of what is happening in the country. We really have not had any dialogue. The national dialogue has only been prolonging the solution to the country's problems. This is why the truth commission has been stopped. We give the impression that we are talking and reaching agreements when Nicaraguans know that nothing has changed since the national dialogue started. [end recording]

Lacayo Rules Out Verificacion Commission Requested by UNO

PA0107023993 Managua Radio Corporacion in Spanish 2200 GMT 30 Jun 93

[Text] Presidency Minister Antonio Lacayo has just stated at an impromptu new conference that the government will not accept the verification commission being demanded by the National Opposition Unity [UNO] as part of its agreements with the government. In this manner, Antonio Lacayo simply eliminated the main issue that was discussed for over eight hours during a meeting held a few days ago in which the UNO demanded the verification commission.

We will try to find out from UNO leaders if, after this development, the UNO will attend the 1 July meeting with the Executive Branch at the presidential palace.

FPL's Gonzalez Speaks on Weapons Found in Nicaragua

PA3006182893 Managua Canal Cuatro Television in Spanish 0300 GMT 29 Jun 93

[First of two installments of report by Jorge Gatin on "exclusive" interview with Leonel Gonzalez, secretary general of the Farabundo Marti People's Liberation Forces, FPL, Central Committee, by unidentified reporter; date and place not given]

[Text] In an exclusive interview granted to the "Extravision" Newscast, Leonel Gonzalez [Salvador Sanchez Ceren], secretary general of the Farabundo Marti People's Liberation Forces [FPL] Central Committee of El Salvador, stated the decision to maintain weapons caches in Nicaraguan territory was made by FPL leaders because they distrusted the Salvadoran Government and Armed Forces. Gonzalez revealed there are more weapons caches, but they are in Salvadoran territory. He added those weapons will be turned over to the United Nations in July.

[Begin Gonzalez recording] We will start to turn over those weapons in early July. We think this could last 45 days; this operation could be completed in 45 days. We think the weapons problem will not disappear in El Salvador because there are thousands of them out there. The Army distributed thousands of weapons. Civilian defense patrols, cantonal patrols, and former members of the Army, National Guard, and Treasury Police are still armed. [end recording]

Gonzalez apologized to Santa Rosa neighborhood residents for damage caused by an explosion there and assured this will not happen again. He said the weapons caches were established through clandestine operations carried out without the knowledge of Nicaraguan authorities.

[Begin Gonzalez recording] This happened behind the backs of the government and of the Sandinist National Liberation Front, which had told us clearly there were new rules of the game here in Nicaragua they would respect; that they would respect the possibilities of this new government [words indistinct]. I repeat, we received clear rules of the game. [end recording]

Gonzalez said he knew nothing about documents pertaining to kidnappings reportedly found in the weapons cache in Santa Rosa neighborhood. He added the persons in charge of that cache were his friends.

[Begin recording] [Gonzalez] We have said categorically and emphatically it has nothing to do with this. The FPL, however, was indeed the owner of the weapons found there.

[Reporter] What about the documents? How did they get there?

[Gonzalez] It is evident we are in the process of gathering our weapons. We had to resort to friends and stored our weapons in that place. [end recording]

Nicaraguan Resistance Party Granted Legal Status

PA0107145493 Managua LA PRENSA in Spanish 29 Jun 93 p 10

[Report by Luis Vega Miranda]

[Text] At last, the Council of Nicaraguan Political Parties [Consejo de Partidos Politicos de Nicaragua] has granted legal status to the Nicaraguan Resistance Party [Partido de la Resistencia Nicaraguense, PRN], one of the country's most important moral and political forces.

One battle the PRN endured was that waged by the parties that make up the National Council of Political Parties against the Sandinist National Liberation Front, which views the PRN as its most feared adversary, and against the leftist parties. Together these approximately 18 parties are part of the Nicaraguan political scene.

The force of truth won. The PRN is one of the most meritorious organizations to become a party and opt for political power, from which and with which societies are changed.

One of the PRN's most important battles has ended. With it ends a stage that began with the Esquipulas Agreements, when the Nicaraguan Resistance [RN] turned over its weapons to become a political force. The war in Nicaragua ceased with the surrender of weapons, ending a bloody period in Nicaraguan history.

The only ones who remained armed were RN adversaries who, unable to win in the field, survived from their desks by mocking the weak, disarmed RN.

Now, with the country and the new government facing the struggle against poverty and underdevelopment by engaging everyone in a national dialogue, these adversaries can be left behind.

The PRN has the right to engage in and contribute to this national dialogue. The PRN does not have a political ideology nor does it need one because it is made up of thousands of otherwise unorganized peasants, who mistrust traditional parties and politicians who have only used them to attain power.

This party's potential is extraordinary; it could be the answer to Nicaragua's future. It is at the stage where it may either adopt a vigorous ideology or allow anyone with a democratic ideology to join.

Its first steps in politics need to be prudent, because many parties, the PRN has a social base and is not motivated by business or fame. Its message is written with the blood of many.

The party must also be careful not to allow itself to be handled by old liberals, who may see it as a way to collect on old debts.

After three years of unfairness, at last justice has been done for a true link in the Nicaraguan transition process toward democracy.

We congratulate the PRN from our bulwark.

Cuban Officials Meet Foreign Affairs Commission Members

PA3006155093 Managua Canal Cuatro Television in Spanish 0300 GMT 29 Jun 93

[Report by Gabriela Guevara]

[Text] Officials of the Cuban Embassy in Managua and of the Cuban Foreign Ministry met on 28 June with members of the National Assembly Foreign Affairs Commission to exchange views regarding the bilateral relations between Cuba and Nicaragua, the solidarity of the Legislative Branch, and other topics, such as cooperation in health services.

The delegation from the Cuban Embassy in Nicaragua was headed by Charge d'Affaires Pedro Lobaina and Cuban Foreign Ministry official Leonel Martinez, who is visiting in Nicaragua. They met with members of the National Assembly Foreign Affairs Commission to exchange views on important topics.

[Begin Lobaina recording] We wanted to express our gratitude for a recent resolution expressing solidarity with Cuba issued by the National Assembly, which called for support of the campaign of solidarity [words indistinct] and also called on the U.S. Government to lift the blockade on Cuba. We also exchanged views on the current situation in Cuba and the bilateral relations between Cuba and Nicaragua. The meeting was very positive for both parties. [end recording]

Lobaina said bilateral relations between the two countries are positive and they will maintain the program for the education of Nicaraguans in Cuba, as well as the cooperation in sports and health services.

[Begin Lobaina recording] We signed a health agreement. A number of patients already left for Cuba to undergo treatment. There are 25 doctors, who are working in San Carlos, Rio San Juan, Bluefields, and Puerto Cabezas. We inaugurated services in Rio San Juan and Puerto Cabezas, which did not have any Cuban doctors until now. [end recording]

The Cuban Foreign Ministry official met with officials of the Education and Foreign Ministries and of the National Assembly.

Panama

Labor Union Warns of 'Violent' Stand on Treaty Status

PA3006173093 Panama City EL PANAMA AMERICA in Spanish 30 Jun 93 p 1a

[Article by Arnulfo Barroso Watson]

[Text] The Local 907 labor union warned on 29 June that, with the people, they might adopt a "violent" stand in view of the government's refusal to renegotiate the Torrijos-Carter Treaties, and thus respect the right to work of some 12,000 Panamanian workers employed at the U.S. military bases in Panama.

Ray Bishop, secretary general of Local 907, emphasized—without giving further details—that in view of the government's refusal to listen to the proposals made by the military base workers, the only thing left for the people to do is to adopt violent stands in order to defend their right to work.

Local 907 has repeatedly requested the government of President Guillermo Endara to renegotiate with the United States the presence of U.S. military bases on the canal banks after 2000. Local 907 insists that closing the bases will entail irreparable economic damage for the country.

According to Bishop, Local 907 has the support of the labor unions of the Panama Canal Commission, the Port Authority, and other "very powerful" groups in order to attain its goal.

Bishop also referred to the request made by Puerto Rico for installing the U.S. Southern Command on that island, once it is dismantled in Panama. Bishop also pointed out that Guatemala, Costa Rica, Honduras, and Venezuela have voiced an interest.

Former Guatemalan President on Willingness To Stand Trial

PA0107145593 Panama City Telemetro Television Network in Spanish 1730 GMT 30 Jun 93

[Text] Former Guatemalan President Jorge Serrano Elias said he is an honest man against whom a slander campaign is being waged. Serrano does not rule out returning to Guatemala but he stated that his situation will be cleared up by history and the passage of time.

Former President Serrano has joined the Panamanian community, after the Government of Panama offered him political asylum in the beginning of June. Serrano said he is willing to return to his country to stand trial. Here are Serrano's remarks after Telemetro took him by surprise:

[Begin recording] [Serrano] The only thing I can say is that my heart is filled with gratitude toward the Panamanian people. Everywhere I go the people greet me, the people are very pleasant. I truly feel at home.

[Unidentified reporter] What is your opinion of the executive branch decision not to extradite you?

[Serrano] Well, let me tell you that not even the Guatemalan Constitution allows this. I am very happy here in Panama and all I want to do, as I have said before, is live peacefully with my family.

[Reporter] Would you return to Guatemala?

[Serrano] I will when the time comes. I would like to greet the Panamanian people, I want to make friends with the Panamanian people, and if possible, I would like to contribute in some way to this country.

[Reporter] Would you stand trial?

[Serrano] Of course I will, at any time. I want to say that there is no reason to try an honest man. I am an honest man about whom numerous outrageous things have been said. Nevertheless, the only thing that will clear this up is history and the passage of time. [end recording]

According to Guatemalan judicial authorities, former Guatemalan President Jorge Serrano is accused of administrative corruption.

Guatemala Requests Arrest of Former Government Minister

PA3006235993 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Jun 93

[Text] On the afternoon of 29 June, the Guatemalan Government requested that Panama arrest former Guatemalan Government Minister Francisco Perdomo Sandoval. Perdomo Sandoval has taken asylum in Panama along with former President Jorge Serrano. The request was made after the [Guatemalan] Fourth Criminal Court presented the appropriate documents.

Argentina

Menem Comments on Meeting With President Clinton

PY3006181493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1256 GMT 30 Jun 93

[By Luis Torres, NOTICIAS ARGENTINAS special correspondent in Washington]

[Text] Washington, 30 June—During a meeting at the White House, President Carlos Menem obtained a promise from his U.S. counterpart, Bill Clinton, to the effect that the United States will stop selling subsidized wheat to Latin America. Menem told Clinton that the Condor-2 missile project had been totally dismantled.

Clinton sang the praises of Menem's economic policy, and—much more garrulously than expected—considered Argentina as the United States' "great partner" in Latin America in matters pertaining to democracy, nonproliferation of nuclear weapons, and the struggle against terrorism.

During a press conference, Menem stated: "President Clinton told me the United States will no longer sell subsidized wheat to Latin American countries, as in the case of Brazil. We will thus regain access to foreign markets for our farm produce as we do not subsidize them."

Menem stated: "It is shameful if a country like the United States should fail to live up to its tenet of free trade by subsidizing its agricultural production."

Clinton noted that "we share Argentine's stance on subsidies," adding that "being a native of an agricultural area (Arkansas), I said I must take my hat off to what Argentina has accomplished, as it has the deepest layer of arable soil in the world."

Clinton stressed: "With arable soil seven meters deep, one can do practically anything."

Through this meeting yesterday at the Oval Room of the White House, Menem became the first Latin American president to be granted an audience by Clinton, a democrat, who assumed office last 20 January, succeeding the Republican George Bush as president.

The first subject Menem and Clinton broached concerned the consolidation of democratic systems in the hemisphere. Menem said that "personally," he favors UN intervention in Haiti, along the same lines it acted in the former Yugoslavia.

Yesterday was a real marathon for Menem who held talks not only with his American counterpart but also with American and Latin American reporters residing here. Menem reiterated his opposition to the Cuban regime and termed the Communist regime that held the former Soviet Union for 70 years a "criminal dictatorship."

Concerning constitutional reform and the presidential reelection, Menem asserted that it was his intention "not to talk" about the topic "but you journalists are to blame because you keep pestering me with that question."

As for the dismantling of the Condor-2 project, Menem said he asked Clinton to send experts to the Falda del Carmen facilities to remodel it for "peaceful purposes."

Discusses U.S. Wheat Subsidies

PY0107024893 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2228 GMT 29 Jun 93

[By "special correspondent" Luis Torres]

[Text] Washington, 30 Jun (NA)—President Carlos Menem said here today that U.S. President Bill Clinton "probably will visit Argentina next year" when speaking about the results of his meeting with the U.S. president, during which regional security issues and the Armed Forces' new role seem to have gained significant momentum.

The importance given in the last 48 hours to the subject of security has been expressed by Menem himself, who considered it "very important" that the UN Blue Helmets have training grounds in Argentina.

Menem considers the issue of agricultural subsidies and the elimination of subsidized wheat sales to Brazil and Venezuela as "not enough" because, he said, this policy implemented by the United States and the European countries "distorts the market."

"Argentina has been a wheat supplier for years and for this reason we want to compete on equal terms," he stated.

He added: "With an annual subsidy of $300 million. U.S. farmers do not need to compete. Therefore, those who preach free market economy are distorting its principles with subsidies."

Menem today spoke with the media accredited in Washington, including several television channels of the continent.

The president today visited the U.S. Senate Foreign Relations Committee, where he attentively listened to the praise given by Democrat Senator Christophher James Dodd.

About the medicine patents rights, Menem said the Argentine executive branch already has sent Congress a draft bill that still requires "consensus" for approval.

"We are discussing this subject with the opposition, and I trust that this norm that recognizes inventors' rights will be approved this year," he said.

The journalists did not forget to mention the subject of constitutional reform, given that at least on one occasion

Menem had said that he "trusted" that it would be approved "with the support of the provincial political parties."

As for the subject of corruption, an issue that usually blackens the Argentine political scene, Menem categorically asserted: "It is an evil that exists in every part of the world, even here, in the United States."

He said the reform pursued by his administration has allowed the privatization of public companies that where "centers of corruption."

"Unfortunately, there are people who have made an industry of charges, saying lies about corruption."

He insisted that corruption in public companies "was an inherited evil" in reference to the administration of former President Raul Alfonsin.

Regarding the subject of Haiti, Menem said: "The United Nations should mark a stronger presence there. Where there is no democracy, there is no peace; that is why I think the United Nations should intervene in Haiti."

He also spoke about the Pampa advanced trainer airplane, and he admitted he had spoken about this subject with Clinton.

However, he said there is a bid in which an Italian firm associated with an American firm also are participating, and that everything would be solved through a very complex mechanism.

As for the Cuban issue, Menem said Clinton's policy "has not changed" in comparison with that implemented by former President George Bush, and he insisted that this Central American country adopt a democratic government system.

Discusses UN Training Center With Powell

PY0107015093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2247 GMT 30 Jun 93

[By NA correspondent]

[Excerpts] Washington, 30 Jun (NA)—General Colin Powell, chairman of the Joint Chiefs of Staff, said today he is "very satisfied" with the Argentine decision to dismantle the Condor-2 project.

Powell met today with Argentine President Carlos Menem; Defense Minister Oscar Camilion; General Martin Balza, Argentine Army chief of staff; and Brigadier Jose Julia, Argentine Air Force chief of staff. [passage omitted on Powell's remarks]

The possible installation of a training center for UN blue helmets in Argentina was specifically discussed at the meeting Powell held by with Menem behind closed doors.

It also was noted during the meeting that Great Britain might oppose this initiative because the training center would mean a complete upgrade for the Argentine Armed Forces.

Powell reportedly gave some assurances that the Pentagon would take care of persuading the British that Argentina is no longer a threat to continental security.

Powell specifically asked to meet Menem during a meeting yesterday morning with Camilion and Balza at the Pentagon.

Powell has become famous worldwide as one of the commanders of the allied forces during the Gulf War.

Proposes Continental Antinarcotics Law

PY3006181993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1215 GMT 30 jun 93

["By NA correspondent in Washington"]

[Text] Washington, 30 Jun (NA)—The Argentine Government has invited the United States to promote the unification of drug trafficking laws in the entire American continent and thus increase joint efforts against this illegal trade.

President Carlos Menem, during a meeting which was not on his agenda before his meeting with Bill Clinton, suggested the need to coordinate various laws within the framework of the Inter-American Committee for the Struggle Against Drug Abuse, which is subordinated to the OAS.

Alberto Lestelle, programming and coordination secretary for the prevention of drug abuse and for the antinarcotics struggle, travelled to the United States with the official delegation and attended the meeting.

DEA Administrator General Roberto Bonner and Melvyn Levitsky, U.S. assistant secretary for international narcotics matters, represented the U.S. Administration at the meeting at Blain House.

Government spokesmen noted the importance of the participation of the two U.S. officials in light of the "differences" [internas] between these two official departments.

The two U.S. officials congratulated President Menem on his government's antinarcotics policy.

Lestelle disclosed that during the meeting the final arrangements for the opening of a teleprocessing network were made. This network will allow the two countries to exchange information on trafficking.

The possibility of Argentina obtaining, through a U.S. subsidy, modern infrared equipment for drug interdiction was also discussed. The equipment will be fitted to the vehicles to be delivered to the forces of the Paconar (Antinarcotics Trafficking Patrol) [Patrulla de Control de Narcotrafico].

Regarding the Argentine proposal to promote a common antinarcotics law for the entire American continent, Lestelle explained during the meeting that "some countries do not consider money laundering a crime and do not recognize some laws like the Argentine law which prevents the naming of informers or repentant traffickers."

As for rumors on possible changes in the U.S. antinarcotics policy implemented by the previous administration, U.S. officials confirmed that the subject is being assessed but denied that any decision has yet been made.

Lestelle explained: "In our opinion the United States must keep up its interdiction policy."

Finally Lestelle stated: "It is true that prevention is the best path. But if repression of the drug mafia is eliminated, there is a great risk that production and trafficking may grow, money laundering will be encouraged, the trafficking of weapons will grow, and there will be an increase in the number of narcoguerrillas."

Calls Falklands Affair 'Prickly Issue'

PY3006170993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1519 GMT 30 Jun 93

["By an NA correspondent in Washington"]

[Text] Washington, 30 Jun (NA)—President Carlos Menem has told his U.S. counterpart Bill Clinton that "the Malvinas affair is a prickly issue that prevents good relations with the United States."

During the meeting between the two chiefs of state yesterday at the White House, Menem told Clinton of his intention to "materialize a South Atlantic defense treaty," although he admitted that Great Britain is against this agreement or that it wants Chile to participate, which is not accepted by the other Atlantic coast countries.

The Argentine chief of state thus informed Clinton about the controversy over the Malvinas Islands, around which the United Kingdom has unilaterally extended its exclusive fishing zone.

On this occasion, however, Menem did not mention his belief that Argentine will regain sovereignty over the archipelago around the year 2000.

Moreover, Menem disclosed that the United States has decided to sell 56 combat aircraft to the Argentine Air Force despite the obvious opposition of John Major's Government.

Menem told Clinton that this fleet of aircraft will "replace what we lost in the Malvinas" during the 1982 war.

Government Lifts 'Secrecy' on Condor-2 Missile

PY3006151793 Buenos Aires TELAM in Spanish 1403 GMT 30 Jun 93

[Text] Buenos Aires, 30 Jun (TELAM)—The government has lifted the "military secret" classification on matters related to the Condor-2 missile project.

Confirmation of this political decision, which was predicted several weeks ago by high government officials, was made through the publication of Decree 1317/93 in today's official bulletin. The decree was signed by President Carlos Menem, Defense Minister Oscar Camilion, and Foreign Minister Guido Di Tella.

The lifting of the secrecy covers "all news, reports, material, projects, work, fact or event" related to this project.

Article 2 of the decree lifts the obligation to keep information as a "military secret" from "all civilian and military personnel who intervened or participated in the formulation or development" of the Condor-2.

Qualifying this decision, the decree says "there is firm Argentine commitment with the nonproliferation of weapons for massive destruction. Our country is interested in accessing high technology through international cooperation and controlling the export of this technology."

The decree adds: "It is necessary to ensure that all operations for deactivating the project be carried out with great clarity and transparency."

The publication of Decree 1317/93 coincides with the last day of President Menem's visit to the United States, whose government insisted on the destruction of Condor-2.

Greenpeace Allegations on Atucha-1 Nuclear Plant Contested

PY2906173593 Buenos Aires TELAM in Spanish 2237 GMT 28 Jun 93

[Text] Buenos Aires, 28 June (TELAM)—The controversy over security standards at Atucha-1 have taken a new turn in light of the stand taken by the Argentine nuclear technology association in defense of the present operating conditions at the aforementioned nuclear power plant.

The Greenpeace environmental group denounced irregularities in security and working conditions at Atucha-1, where employees allegedly are exposed to high radiation levels without being properly protected.

Greenpeace based its campaign on its own research and on allegations by former Atucha-1 employee Carlos Galvan, who assured that he had been fired for refusing to working under such conditions.

The Argentine nuclear technology association issued a press communique in which it asserted that in view of the allegations made by Galvan, it "investigated working conditions at the power plant."

As a result of this investigation, the association reached the conclusion that Atucha-1 operates "within the safety regulations established not only by supervisory authorities but by international organizations as well."

Moreover, it states that "employees working at that power plant, both those on the plant's payroll and those from other public utility companies, perform their tasks within a framework of absolute radiation control."

The aforementioned Argentine association, which is composed of 700 members—most of whom work for the National Commission for Atomic Energy [CNEA]—noted that "there is no cause for concern for either the plant's workers or the inhabitants of surrounding areas."

As a result of death threats received by Greenpeace activist and executive manager Juan Schroeder, Paul Gilding met CNEA authorities on 25 June.

During this meeting, Gilding voiced his concern about the possible link between the threats and Greenpeace's campaign against Atucha-1.

Commenting on atomic energy-related work, Gilding said: "People are entitled to know what risks they are exposed to. Experience shows that countries where citizens have free access to information about nuclear power plants are against nuclear technology."

Guadagni Resigns as Ambassador to Brazil

PY2906234693 Buenos Aires TELAM in Spanish 2043 GMT 29 Jun 93

[Text] Buenos Aires, 29 Jun (TELAM)—Alieto Guadagni today resigned from his post as Argentine ambassador to Brazil. Guadagni made this decision upon learning that he had been indicted on charges of having committed irregularities in managing an Italian loan during his tenure as minister of the government of Buenos Aires Province.

In remarks made to reporters from Washington, Foreign Minister Guido Di Tella today confirmed Guadagni's resignation, but made it clear that the resignation will not be considered until an appellate court rules on Guadagni's appeal against the indictment. Di Tella's remarks were reported in this capital by Radio Mitre.

Ministry Confirms Guadagni in Post

PY3006181793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1311 GMT 30 Jun 93

[Text] Buenos Aires, 30 Jun (NA)—Foreign Minister Guido Di Tella today confirmed Argentine Ambassador to Brazil Alieto Guadagni in his post. Federal Judge Martin Irurzun has indicted Guadagni, ordering his preventive detention pending an investigation into alleged irregularities in the awarding of the Matanza River sanitation contract.

Guadagni faces charges of fraudulent administration, the failure to fulfill the duties of a public servant, and conspiracy. The judge also froze 5 million pesos worth of Guadagni's assets.

Di Tella said in Washington that he asked Guadagni to stay in his post until the court decides on his appeal, which the minister estimated should "not last more than six weeks."

3 Border Police Commanders Dismissed by Suerz Reinstated

PY2906142593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2256 GMT 28 Jun 93

[Text] Buenos Aires, 28 Jun (NA)—The three border police commanders who were sent to the inactive reserve by former Border Police Commander Jorge Suerz, today were reinstated in their posts, "with no detriment to the proceedings" initiated to establish their presumed responsibilities in the case of ideological monitoring discovered in several schools in the country.

On orders of Commander General Timar Musumeci, the new acting head of the National Border Police, this morning Commander Sergio Roberto Diaz, chief of the 5th Region based in Bahia Blanca; Commander Luis Roberto Remi, head of the 12th Group headquartered in Neuquen; and Principal Commander Estanislao Almada, head of the 32d Squadron in Alumine, were reinstated in their posts.

However, according to Defense Ministry sources, Commander Almada will be sent to the inactive reserve "within the next few days," upon the development of the investigations made on the controversial circular notes sent to several Neuquen Province schools.

The sources reported that the reinstatement of Almada to his post "is only of a provisional nature," and explained that "within the next few days at the latest" another commander will be designated to replace him.

The three commanders were dismissed from their posts on 25 June on Suerz' orders, due to a controversy created by denunciations on the existence of circular notes sent to different high schools in greater Buenos Aires and Neuquen proposing "ideological monitoring" of students and teachers.

Defense Ministry sources pointed out that the three reinstatements will stand until Defense Minister Oscar Camilion returns from Washington, accompanying President Carlos Menem on his trip to the United States.

Vicente Massot, secretary of the Defense Ministry Military Affairs Department, confirmed that "a preliminary" investigation has already begun, the partial results of

which will be submitted to Camilion on 1 July, when the minister will return to the country.

"The situation was serious. If in fact there was some ideological spying activity, it is very serious and Minister Camilion wants to personally have the responsibility of conducting this investigation," Massot said in remarks to a radio station.

The official said: "We still are not sure what really happened" in places where ideological monitoring was reported. The official added that, therefore, "it would be inappropriate to say anything until the investigation concludes."

"What happened here? We do not know for a fact yet. Apparently the Alumine Squadron head overstepped some of his prerogatives. How much? That is what we are investigating. In principle, the incident appears to be an excess by a squadron commander. Apparently garrison chief Commander Remi, or regional Commander Sergio Diaz, were not aware," Massot said.

Meanwhile, Commander Musumeci took over the command post temporarily, following Commander Suerz' separation, during a ceremony at the Centinela building this morning.

Attending the ceremony, besides Suerz and Musumeci, were Border Police commander generals and majors assigned to the capital.

The Misiones Purple Band regional office reported that the "ideological monitoring" reported in various high schools in Buenos Aires and Neuquen Provinces "also was tried" in two Misiones Nacional University departments.

The student organization reported that the Border Police sent a series of forms "attempting to make an ideological monitoring of students and teachers in the Engineering and Arts departments" of Misiones National University. Both departments are located in Obera.

Jorge Varela and Alfonso Baigorria, Purple Band's Misiones regional branch political and general secretaries, respectively, issued a press communique saying that the Border Police also sent the deans of both departments "a note demanding that the forms be answered." [passage omitted]

Bolivia

Coca Growers Refuse To Continue Coca Eradication Plan

PY2906164493 La Paz Radio Fides Network in Spanish 1100 GMT 29 Jun 93

[Text] Coca growers have decided to jettison the crop substitution program. They have announced that they will not weed out one single hectare of coca crops and engage in traditional farming activities as long as the government does not honor its commitments regarding the alternative development plan.

(Ivo Tarsi?), union leader from the Bolivian Labor Federation and the General Confederation of Bolivian Workers, pointed out that the targets this administration pledged the U.S. Government to attain will not be met. He said:

[Begin recording] First and foremost, I would like to say that in the four years it has been in office, this administration has never honored its commitments concerning the alternative development plan. Hence, we oppose this new agreement between the Patriotic Accord administration and the U.S. Embassy that provides for the withdrawal of 6,000 hectares from coca production and nurseries that extend over an area of 1,000 hectares. [end recording]

Brazil

Government Releases Note Supporting U.S. Attack on Iraq

PY0107001893 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Jun 93 Section 2 p 12

[Text] The Brazilian Government supports the U.S. attack on Baghdad. The Itamaraty position was reported last night in a note stating: "According to the U.S. Government, there are clear and strong signs that the Iraqi Government was involved in the frustrated attempt to assassinate former President George Bush, thus violating the most elementary rules of international behavior."

Luiz Augusto de Araujo Castro, Brazilian ambassador to the UN Security Council, said Brazil regrets the loss of innocent lives and that the country is waiting for new decisions by the UN Security Council.

Of the five countries with a permanent seat on the Security Council, only the PRC criticized the attack. Beijing believes the attack "harms the UN Charter and the rules that regulate international relations." Several Muslim countries protested the attacks. The Vatican regretted the loss of lives, and Japan expressed its support for the U.S. Government.

Editorial Questions U.S. Objectives in Striking Iraq

PY3006170793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jun 93 p 32

[Unattributed editorial: "The Circle of Violence Closes"]

[Text] President Bill Clinton's inexperience and dangerously low popularity rate raises the question whether his supposed objective when ordering the missile attack against Iraq was not to stimulate U.S. public opinion into supporting the White House. Our doubts increase if

we recall that on previous occasions proof was gathered and presented to the UN Security Council when the United States considered it convenient to increase the pressure against Iraq. On these occasions the United Nations always approved stronger measures. This time the United States acted unilaterally and has so far not presented convincing and consistent evidence that the attack against Iraq was justified. THE NEW YORK TIMES, for instance, stresses that "a lot of faith is required to make us accept the incomplete information provided by Washington" as the proof needed to support Clinton's decision.

If Clinton wanted to unite the domestic front he was at least partially successful. The American people will not abandon a leader who orders the use of force abroad. The only exception was the involvement in Vietnam after various years of inconclusive actions. Saddam Husayn, on the other hand, was well enough portrayed as "the Devil" for the American people to associate him, without hesitation, with evil and to identify him as a source of global instability. In any case, we must compare this action with the attack ordered by former President Ronald Reagan against Tripoli to eliminate the threat represented by Mu'ammar al Qadhdhafi. No one doubted the legitimacy of the attempt to decapitate the Libyan Government, even though the death of innocent civilians was more shocking than in this case, because evidence of al Qadhdhafi's involvement in terrorism was undisputable.

Clinton has achieved some domestic support from Saturday's attack. In the process, however, he alienated precious support in the international arena and might have even risked the entire multilateral structure installed by President George Bush to uphold the so-called "new international order." The opposition and a significant percentage of the public opinion in various countries—most notably Russia and the United Kingdom—are pressuring their governments because they supported the U.S. action, considering it untimely and based on insufficient information. In other countries the missile attack is viewed with much more leniency. This is the case of the Ukraine which, following the dissolution of the Soviet Union, has been transformed into the third largest nuclear power in the world. Many countries now view the United States as a renewed threat. Those Arab countries that joined the anti-Iraq coalition are now protesting over the double standards used by the Americans in their relations with the Arab world.

The United States linked its decision to the use of force foreseen in UN Security Council resolutions and identified its foreign policy with a sense of moral duty. Saturday's unilateral action strongly contrasts with this perception and leaves the Security Council—convened after the attack—in the uncomfortable position of having to support an operation which they may not have approved. The Security Council, meanwhile, is a reflection of the member countries, particularly the five countries with the power of veto. These five countries will maintain the consensus for as long as is convenient. It is only fair to note that the distances separating these countries are beginning to become evident. Russia took a step to the side in the Yugoslav question; the PRC took a step back in this case. Multilateralism has been a valuable American foreign policy tool since the end of the cold war, but it is too fragile an instrument to withstand the strong turbulence generated by unilateral intervention in aspects that are the preserve of the Security Council.

The United States justified its unilateral action, citing Article 51 of the UN Charter. The discussion on the right to self defense in the case in question will remain part of International Law. The fact is that President Bill Clinton—domestic considerations excluded—decided to punish Iraq for planning an attack on the life of former President Bush while visiting Kuwait. This will send a message to the world that the United States will not tolerate acts of terrorism against its territory, its citizens, or its interests. On 24 June, the FBI arrested eight Muslins for conspiring to bomb bridges and tunnels in New York and to kill President Husni Mubarak and UN Secretary General Boutros Boutros-Ghali. The conspirators are supporters of the well-known fundamentalist Sheik Omar Abdel-Rahman, the conductor of Iranian terrorism. Clinton's "message" reached Teheran: Iraqi Shiites condemned Saturday's attack against their arch-enemy and Iranian fundamentalists proposed an alliance with Iraq to face the United States and the West.

The circle of irresponsible actions was opened by Saddam Husayn and it may be closed by a powerful president who does not know how to administer his own forces.

Presidential Candidates Oppose Cardoso's Economic Plan

PY2906190793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 93 Political Section p 9

[Article by Lucia Helena Gazzola]

[Text] Finance Minister Fernando Henrique Cardoso's economic plan is being attacked by all the potential presidential candidates. Individually, however, candidates do not confess their interest in the plan's failure, but most of them have advised their party bloc in Congress to vote against the measures proposed by the government to implement it. "Many people are afraid to death that the plan might succeed and create a strong current of support for the president," a PSDB [Brazilian Social Democracy Party] official close to Cardoso explained.

"People already are out campaigning and a good part of the opposition to the plan is due to the campaign," another PSDB leader said. PSDB ministers and PSDB leaders in the Senate and the Chamber of Deputies, Mario Covas and Jose Serra, respectively, avoided throwing more wood on the fire. "If the plan succeeds I have the obligation to stay on," Cardoso warned. "The political opposition still is not out in the open," Serra

added. "It is tasteless to say that Cardoso will be a candidate a full year and a half before the election. The declaration will hurt the plan and the country," Covas said.

PT [Workers Party] President Luiz Inacio Lula da Silva, who leads the polls on presidential succession, criticized the plan the day after it was announced. He said the plan did not have "anything against speculators, oligopolies, and the financial system, the organizations that profit from high inflation rates." Last week PT deputies voted against IPMF [provisional tax on financial operations] regulations despite their contribution in creating it.

Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], who is also at the top of the list of presidential hopefuls, also has changed opinions, although without criticizing the plan. In 1989, then-President Sarney vetod a draft bill adjusting salaries. But last week, Sarney went looking for his children, Sarney Filho and Roseana Sarney, both PFL [Liberal Front Party] deputies for Maranhao State, to ask them to vote for the salary adjustment bill [which is opposed by the government].

Two other potential PMDB candidates are also unambiguous about their positions. Governor Luiz Antonio Fleury Filho gave his support to the budget cuts during a lunch with Cardoso during the week. But immediately afterward he attacked the "ministry's bureaucracy." Fleury said that Sao Paulo was being discriminated against, and on 24 June met with 400 mayors to complain about the government delay in transferring health funds. "This is creating opposition," a PSDB leader said.

Former Governor Orestes Quercia does not say anything, but he lets deputies close to him attack the plan. "This is the liar plan; Cardoso can dictate fiction courses and special effects to filmmaker Spielberg," Quercia supporter Manoel Moreira said in the Chamber of Deputies. Fleury and Quercia did not oppose the PMDB deputies' attempt to condition their support for the IPMF regulation bill to suspending budget cuts in their regions and getting positions at the government's second level. The party approved the project but the next day nonetheless voted in favor of the monthly salary adjustment.

Sao Paulo Mayor Paulo Maluf publicly says: "I hope the plan will succeed." But his party, the PPR [Progressive Reformist Party], voted against the IPMF and in favor of the monthly adjustment bill. On 24 June, Maluf said Brazil needs a more serious government and a plan that society knows in details. "An improvised plan will not work," Maluf said.

Bahia Governor Antonio Carlos Magalhaes [ACM] and Rio de Janeiro Governor Leonel Brizola are the only ones openly opposed to the plan. "We have the duty to support the plan," ACM said, adding immediately afterward: "It will be a miracle if it succeeds." ACM accused the government of liberating funds for its "favorites" and called on his son Luiz Eduardo Magalhaes, PFL leader in the Chamber of Deputies, to try to convince the party to vote against the IPMF.

Brizola said he agrees with the austerity program proposed by Cardoso. But he warned that the PDT [Democratic Labor Party] will oppose privatizations and the government attempt to "hold back money" from states and municipalities. Brizola insinuated that the plan does not attack the main cause of inflation, "which is Brazil's ill-advised insertion into the world economy."

Paris Club Shows 'Confidence' in Economic Plan

PY2906175293 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jun 93 Section 1 p 4

[Text] Jean-Claude Trichet, president of the Paris Club (organization that represents the official creditors), yesterday addressed a letter to the Brazilian Government confirming the agreement reached with Brazil to reschedule a debt amounting to approximately $13.8 billion.

This gesture represents a sign of confidence in the government's economic policy in view of the fact that Brazil, because it is in default with the IMF, is unable to fulfill some of the clauses of the agreement with official creditors. The Paris Club decision represents an indirect "waiver" [preceding word in English]—Brazil was excused for not having honored the adjustment goals agreed on with the IMF.

Trichet's letter says that the G-7 (group of the seven richest countries) member countries believe the agreement on the official debt is safeguarded until 31 August, when the formal deadline agreed on with the IMF expires.

Economy Minister Pledges To Reduce Interest Rates

PY0107143293 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jun 93 p 1

[Text] Economy Minister Fernando Henrique Cardoso stressed yesterday that the Itamar Franco Administration will reduce interest rates from the current level of 17 percent above inflation. The minister told the Chamber of Deputies Finances and Taxation Committee: "Pressures to stretch out the debt will continue and the banks are aware of this."

Dozens of congressmen listened in silence to Cardoso's 45-minute speech in which he described how public spending will be curbed as the first step in the struggle against inflation.

Cardoso pledged not to succumb to any pressure, not even from the president, to release funds. He said: "All of us seek political patronage because that is how the country is structured." He complained that his office has become a "rosary of tears," with "lines of beggars" seeking funds.

Mexican Steel Producers Accuse Brazil, Others of Dumping

PY3006154093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jun 93 Economy and Finances Section p 8

[Text] Mexico City—The Mexican National Chamber of Iron and Steel Industry has accused Brazil and eight other steel exporting countries of dumping [previous word in English] (unfair trading).

The charge has been lodged before the Trade and Industrial Development Secretariat. Alonso Ancina, chairman of the aforementioned chamber, has stated that the charges "are not intended as protectionist measures; Mexican producers just want to be on an equal footing with their counterparts." Imports represent 5 percent of the Mexican steel market. The Mexican iron and steel industry, which has been recently privatized, is faced with other trade problems. The U.S. Government recently imposed surcharges on steel entering the American market. The Mexican Government has asked the United States to reconsider this decision as all subsidies on its steel industry were jettisoned when privatization took place.

Court Orders Preventive Arrest of Farias, Others

PY0107000393 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 30 Jun 93

[Excerpt] A federal court today ordered entrepreneur Paulo Cesar Farias' preventive arrest. A similar order was issued against Farias' secretary, Rosinete Melanias; his pilot, Jorge Bandeira de Mello, who is also Farias' partner in the Brazil Jet Company; and Brazil Jet Director Ricardo Campos.

Federal Police Director Amauri Gaudino confirmed that the arrest order was signed by Judge Pedro Paulo Castelo Branco, who heads the 10th Federal Court in Brasilia. Rosinete Melanias' arrest order was sent to Sao Paulo State and the others to Alagoas State.

This morning Judge Castelo Branco received criminal charges against Paulo Cesar Farias for tax evasion and illegal currency remittance abroad from the Attorney General's Office. [passage omitted]

* Union Force Publishes Proposals for Reform

93SM0312C Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 May 93 p 1-14

[Article by Joao Carlos de Oliveira: "Union Forces Publishes 'Plan' for Country"]

[Text] An end to the restrictions on foreign capital's participation in the Brazilian financial system, revised job security rules for government employees, and adoption of the mixed vote with a closed party list. Those are some of the proposals included in *Um Projeto para o Brasil (A Plan for Brazil)*, a book published by Union Force, whose president is Luiz Antonio de Medeiros. The book will go on sale at the Workers Palace this coming 17 June. "Its publication is a bold act. For the first time, a central union is imagining how the country must look in the future," says Medeiros, who is also president of the Sao Paulo Metalworkers Union.

The proposed country of the future will be a capitalist country and one integrated with the new international situation marked by the third technological revolution and the fall of the Berlin Wall, but at the same time, it will have achieved a better distribution of income and social justice. "It is up to the workers to either take a stand against these changes or to try to participate in the process in a beneficial manner. We want to participate. The Brazil plan is basically that," says Enilson Simoes de Moura ("Alemao"), Union Force's secretary general.

The 654-page book, with an initial printing of 3,000 copies, is the result of a debate that began when the central union was established in the second half of 1991, but it began to take form in July of last year. Politicians, businessmen, and military men were consulted, and a team of 30 intellectuals coordinated by Antonio Kandir, former secretary for economic policy (at the start of the Collor administration), put the plan in its present form.

The debate will continue within Union Force until September, when the central union will hold its second congress. But there will also be discussion outside the union with political parties, businessmen, and the church. The plan will also be presented to President Itamar Franco at some undetermined date. The fact is that as Medeiros says, the plan is not complete: "it is a living plan intended to remain above classes and petty quarrels." Kandir says that "the plan is not the document. The document is a pretext for debate and political coordination."

According to "Alemao," the central union will look for allies among those sectors which have a "commitment to modernity and to the need to get beyond the poverty line, which is what divides the world's countries today." Kandir says that the field for coordination will be as wide as possible, with no one being excluded except the supporters of "predatory capitalism."

Although it is open to debate and to contributions by others, the plan has a definite foundation: its objective is to improve the quality of life and work, and the instrument for doing so is partnerships between capital and labor, between domestic and foreign capital, and between the state and private capital.

From the economic standpoint, quality of life is seen as being a result of three factors: income, employment, and public spending in the social area. But income and employment are the results of private investment. The plan seeks to create a favorable climate for the return of investment by proposing reforms.

Chief among them is political reform. "Political reform is the bottleneck. You are not likely to get other reforms

unless there is political reform," says Medeiros. Of all the proposed reforms, Kandir stresses the need to reformulate the system of financing election campaigns. In his opinion, that system is the start of a process that fragments the legislative branch and weakens the executive branch. The problem is that deputies end up defending special interests and, when they are called upon to join the administration, appoint "contract operators." Kandir credits those operators with causing part of the public deficit because it is their practice to come up with "one-sided contracts prejudicial to the state."

Union Force Proposals

Political Reform

1. Change the way election campaigns are financed.

2. Ensure the proportionality of representation in the Chamber of Deputies.

3. Adopt the system of a mixed vote with closed party lists.

4. Restore the provision that deputies lose their seats for disloyalty to their party.

5. Provide that a party must receive a minimum of from 3 percent to 5 percent of the vote to be entitled to representation in Congress.

Reform of the State

1. Recover the capacity for public spending in the social area.

2. Strengthen the financial autonomy of the states and municipalities.

3. Tax system: reduce the number of taxes by lowering the tax on profits and payroll and increasing the relative weight of direct taxes and the tax burden as a proportion of GDP [gross domestic product].

4. Civil service: revise the job security rules and establish a nationwide program for the training and management of human resources.

5. Armed Forces: establish a Ministry of Defense and do away with compulsory military service.

Reform of Financial System

1. Abolish the "reserved market" for national banks that was negotiated as part of GATT.

Social Reforms

1. Change social security by establishing a basic public social security system restricted to one income group, a supplemental public and/or private system with capitalization, and an entirely private supplementary system.

2. Education: a budget based on demand (which will determine the size of the budget and the number of students served); administrative and teaching autonomy.

3. Establishment of a nationwide system for evaluating performance.

4. Health: a further decentralization of health services and a strengthening of the mechanisms for participatory management at the municipal level.

Relations Between Capital and Labor

1. Freedom to organize unions at all levels.

2. A legal requirement that companies with more than 20 employers establish workers' councils.

3. Negotiation based on collective bargaining contracts.

Plan Supports Collective Bargaining

Like its archrival the CUT (Sole Workers Center), Union Force is starting to support collective bargaining contracts, as is evident in *Um Projeto para o Brasil*. The Union Force plan sets forth what should be negotiated at the national, regional, or sectoral level and what should be decided within each firm.

"The CUT knows that collective bargaining contracts are incompatible with its existing union structure, which is a corporatist structure. Central unions do not even have a legally recognized existence," says Enilson Simoes ("Alemao"), secretary general of Union Force.

Union Force's plan provides that union organization must be free at all levels and that unions and union organizations must be legal entities under private law. The establishment of such an entity "must be decided solely and exclusively at a democratically convened general meeting of those concerned by its establishment." In firms with more than 20 employees, the establishment of a council of representatives must be guaranteed by law.

Union Force also says that in the case of strikes in essential services, the unions must provide the minimum level of "service necessary for preventing harm to human life." If a serious incident occurs because of such a strike, "the union organizations must be held legally liable for what transpired."

* Bacha Revises Earlier Cruzado Plan Concept

93SM0312B Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 May 93 p 1-11

[Article by Jose Roberto Campos and Francisco Santos: "Bacha Revises Ideas as He Returns to Government"]

[Text] Rio de Janeiro—The part of the economic team that Minister Fernando Henrique Cardoso was able to put together has well-known members of the PSDB [Brazilian Social Democracy Party] who came from the restless PUC-RJ [Pontifical Catholic University of Rio de Janeiro]. They had worked together previously to draw up the election platform for Mario Covas, a losing candidate in the last presidential election.

It was from the laboratory of heterodox ideas in the PUC-RJ's Economics Department, which marked the economic thinking of the second half of the 1980's, that the first of a series of economic "shocks"—the Cruzado Plan—emerged.

Edmar Bacha, who was president of the IBGE [Brazilian Institute of Geography and Statistics] when heterodoxy was at its height, is returning to the government as part of the leadership of a new group of university economists, and now he is certain that a settling of public accounts must precede any antiinflationary therapy.

Although he was Fernando Henrique's first choice, Bacha ended up preferring to advise the administration directly from his modest office at the PUC and leave direct executive activity to Winston Fritsch and Gustavo Franco, who are now respectively secretary and assistant secretary for economic policy in the Ministry of Finance.

PSDB thinking in the PUC-RJ's Economics Department is not monolithic. It coexists with a mosaic of ideas ranging from those of the PT [Workers Party] on the left to those of liberal sectors closer to the PFL [Liberal Front Party]. There are irreconcilable conflicts, according to those intimately familiar with the school.

The failure of the Cruzado Plan and of the plans that followed it led to intensive work aimed at revising ideas. Bacha joined the Cruzado Plan team feeling that the state was spending its money unwisely. Now he goes further. "It is impossible to think about a stabilization policy without first solving the problem that exists because the government has exhausted its financing capacity," he wrote in one of his articles in 1989. "The only alternative is to wipe out those financing requirements."

In his writings, Bacha foresaw a future of obstacles and solutions very similar to those facing the current minister of finance, Fernando Henrique. He says: "We learned from the debates on controlling the deficit in 1983 that the important thing is to wipe out the operating deficit" (that is, to balance revenues and spending excluding monetary correction). That goal was vaguely considered in the Eliseu Plan.

Bacha feels that to achieve that objective, it is necessary not to overestimate tax revenues, to approve new rules for the rollover of state debts, and to transfer some of the Union's responsibilities to the states and municipalities. But even then, he says, it would still be necessary to reduce the public sector's financing requirement, which includes, for example, "the deficit in credit operations with the private sector, which is charged to the Bank of Brazil."

The logic behind the initial battle designed by Fernando Henrique's adviser is what prevails today. The minister is promising to cut spending, reduce the budgetary absurdity approved by Congress, and restrain the states and municipalities in order to create the preconditions for defeating inflation. "There is no contradiction between stabilization and growth, but a sensible economic program must begin with stabilization in order to achieve growth," he says. Something that would probably sound good to Itamar Franco's ears.

* Views of New Economic Team Members Seen

93SM0312A Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 May 93 p 1-10

[Article by Silvia Faria and Sonia Mossri: "Cardoso Gives Priority to Combating Deficit"]

[Text] Brasilia—Minister of Finance Fernando Henrique Cardoso's team wants to innovate in its strategy for combating inflation. Like former Minister Paulo Haddad, Fernando Henrique is convinced that the stabilization plans attempted through the time of the Collor administration failed because they used "impact instruments"—price freezes or the setting of prices in advance—without first finding a solution to the deficit.

Despite the consensus among members of the new team concerning the need for an income policy that will establish criteria for price correction (wages, interest rates, foreign exchange, and final prices) in order to defeat inflation, the priority will be the fight against the deficit. The state—comprising the Union, the states, and the municipalities—is the chief source of inflationary pressure because it does not generate enough revenues to cover its own expenditures.

Minister Fernando Henrique is preparing a statement to the nation in which he will reveal what he has called the "sieves of the republic." Those "sieves" include the holes in the budget, the government-owned firms, the various funds (FGTS [Severance Pay Fund] and FCVS [Compensation Fund for Salary Variations]), the state banks, the social security system, the tax system, and the federal banks. By revealing the magnitude of the problem, the minister intends to make society aware of the need to adopt tough measures.

Among the unpopular measures to be announced are proposals for the collection of those debts and payment in securities.

Moreover, the Ministry of Finance will tighten the existing mechanisms for controlling the indebtedness of the states, municipalities, government-owned firms, and government banks. The Central Bank is ready with instructions requiring that the banks adopt financial reorganization plans that will include the closing of branches, personnel cutbacks, and improved performance in attracting and investing funds. The Central Bank will suspend the help that has traditionally enabled those banks to perpetuate the state of near bankruptcy in which they find themselves.

Income Policy

After measures for straightening out the public sector's liabilities have been adopted, it will be time to implement a new income policy in our country. Members of the team believe that it will take about 60 days to "put the house in order."

So far there is no clear definition of the mechanisms that will guide a new income policy, but the team is aware that heterodox instruments (some type of government intervention in price formation) are essential during a period of high inflation.

According to one member of the team, the country is ready to start deregulating foreign exchange. With comfortable international reserves and a satisfactory level of foreign funds coming in, the Central Bank is now able to relinquish its monopoly on the trade in foreign exchange. The expected result will be increased stability in the parity of the dollar and the cruzeiro. That parity is one of the alternatives for indexing the value of the currency.

The team's dilemma is that of formulating a monetary policy in the face of President Itamar's resistance to the idea of using interest rates to control liquidity (money in circulation). To support its more liberal exchange policy, the Central Bank would need to make active use of the interest rate to deter speculation, stimulate savings, and attract foreign capital.

With the guidelines for tax policy (austerity in spending), foreign exchange policy (stable parity between the dollar and the cruzeiro), and monetary policy (appropriate interest rates) having been established, the minister of finance would have to decide how to conduct the price and wage policy. To defeat inflation in the short term, the government cannot stop intervening in the setting of rules for determining price and wage increases.

Fritsch, Franco Have Controversial Ideas

The general outline of PSDB [Brazilian Social Democracy Party] ideas may not displease a fickle president, but what the Winston Fritsch/Gustavo Franco duo has already said and written about aspects of the administration's current policy has all the necessary ingredients for making a joint meeting between the team and Itamar a bad idea.

Winston Fritsch, the secretary for economic policy, is a respected theorist on industrial policy and development. He formulated Fernando Collor's and Zelia Cardoso's policy for the opening up of trade. He ended up criticizing his "dismal final product." Collor's legacy, he wrote in the article "The New Administration's Industrial Policy: One Step Forward, Two Steps Back?" had led to a schizophrenic combination of measures. Examples of the mistakes include the sectoral chambers.

"Reinventing the corporative representation of sectoral interests in the form of governmental collegial bodies that determine the allocation of funds affecting the groups represented in those bodies involves substantial risks," he warned. "It is at the sectoral level that the private sector has the most power to coordinate interests."

Besides the fact that those chambers preserve the pattern of the state's alliance with "corporative interests," Fritsch believes that industrial modernization must not "reproduce the flawed and anachronistic pattern of the sectoral collegial bodies" or pursue a sectoral logic; instead, he says, it must use increasingly general instruments.

His deputy Gustavo Franco—an expert on hyperinflation—has fired off more forceful criticism of the president's actions. Itamar "is backing populist policies which may even generate hyperinflation like that in 1989," he wrote recently in his column in FOLHA DE SAO PAULO.

In Franco's opinion, the Eliseu Plan—approved by Planalto Palace—"is a kind of nothing with no content. In short, the president's voluntarism produced a plan which taxes the poor (through inflation) so it can then benefit them with social programs." The people's car, a dream of Itamar's that was made a reality by the sectoral chamber of the automotive industry, is described as an example of "schemes with a corporatist flavor aimed at looting the taxpayer's pocket."

Those diagnoses would distance him from the administration, while others would place him in its camp. Franco believes that inflation today is propelled by expectations. "The problem is becoming one of building credibility," with the administration persuading people "that public finances are being cleaned up." He believes that with Fernando Henrique Cardoso as minister of finance, the tide has turned.

* Roles of New Economic Team Members Discussed

93SM0311A Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 May 93 p 1-6

[Article by Sylvia Faria and Sonia Mossri of FOLHA's Brasilia bureau, with additional material from the Rio bureau]

[Text] A judicious evaluation of those who hold key posts in the Ministry of Finance indicates that in contrast to his three predecessors, Minister Fernando Henrique Cardoso will attack inflation on all fronts—fiscal, monetary, foreign exchange—and immediately thereafter employ an incomes policy (prices, wages, interest rates, and exchange rates).

As an expert in macroeconomics who gained experience in the administration of the Cruzado Plan, Professor Edmar Bacha, one of the principal mentors of the economic policy, has a more comprehensive view of the economic problem and considers it vital to use all the

available tools to defeat it, including government intervention in the incomes policy (prices, wages, interest rates, and exchange rates).

In preliminary discussions with Minister Fernando Henrique, there was virtual consensus that the use of a single anchor—be it the exchange rate, as economist Gustavo Franco advocates, or monetary, as former Minister Paulo Haddad urged—is not by itself sufficient to curb inflation.

The ideal method would be to cut spending, as new Executive Secretary Clovis Carvalho and Treasury Secretary Murilo Portugal argue; keeping the level of liquidity in the economy under tight control in order to prevent financial imbalances and consumer pressure on prices, as Winston Fritsch and Paulo Cesar Ximenes believe is needed, as well as subjecting the exchange rate to the same control, harmonizing it with other economic policy instruments.

A reduction in spending from the national treasury would give monetary policy a better chance of working. The Central Bank would not have to sell bonds to squeeze out the liquidity, thus pressuring interest rates. Working on the other end, as regards exchange policy, the idea is to free the Central Bank from the rigors of the monopoly of the foreign currency trade. The financial sector would also be able to deal in currencies, freeing the government from having to purchase all the currencies that enter this country.

Once the economic team has established the credibility of its commitment to austerity, Minister Fernando Henrique will be able to use the income policy, which deals the final blow to inflationary inertia. That inertia cannot be broken only by fiscal and monetary policy, which take time to have an effect on prices—time neither Minister Fernando Henrique nor the Itamar administration have.

The administration has two options for an incomes policy—something that does not exist now: either one negotiated in the sectoral chambers, or an interventionist policy that could come about via prefixing or from a quick freeze on prices. None of the economists called upon by Fernando Henrique believes that inflationary inertia can be broken without a rupture in the process by which prices in general are formed.

In putting together his team, Minister of Finance Fernando Henrique Cardoso was trying to reconcile specialists in public administration and formulators of economic policy. Most of the economists from Rio's PUC [Pontifical Catholic University] are policy formulators known for arguing that the exchange and fiscal anchors can control inflation.

Graduates of PUC include Special Secretary for Economic Policy Winston Fritsch, Special Advisor to the Finance Ministry in Rio de Janeiro Edmar Bacha, and Deputy Secretary for Economic Policy Gustavo Franco.

The minister made it clear that any new "ideas" for the economic program will be articulated by the economic policy secretary.

Deputy Jose Serra (PSDB, Sao Paulo) [Brazilian Social Democracy Party] was responsible for appointing Clovis Barros de Carvalho as executive secretary of finance. A colleague of Serra in Popular Action (the movement that was born out of Catholic University Youth) during the 1960's, he is known as austere when it comes to government spending, a reputation he won when he headed the Sao Paulo Planning Secretariat under the Montoro governorship.

Serra was unable to get Martus Tavares, now advisor to the PSDB in the House, named as national treasury secretary. Murilo Portugal, who has held the job since the beginning of the Itamar administration, will stay in that post. The minister made a point of reiterating that the presidents of key banks—Alcir Calliari at Bank of Brazil, Paulo Cesar Ximenes at the Central Bank, and Danilo de Castro at the Federal Savings Bank—will remain in office.

Brazil's foreign debt negotiator, Pedro Malan, will assume duties in economic policy formulation and spend more time in Brasilia. FHC [Fernando Henrique Cardoso] plans to bring him back to Brasilia permanently as soon as he completes negotiations on an accord with creditor banks.

President of the Destatization Commission Andre Franco Montoro Filho will also play an active role on the Finance team, serving as one of Fernando Henrique's "antennae" in Sao Paulo. He will work with economist Jose Roberto Mendonca de Barros, another commission member.

PUC-RJ, from which most of the finance minister's team graduated, regains a position of prominence eight years after having been the cradle of the Cruzado Plan, the first attempt to kill Brazil's inflation with a heterodox shock. At the time, the names of economists Andre Lara Resende, Persio Arida, Francisco Lopes, and Eduardo Modiano gained attention. Eight months earlier, the group had inspired Argentina's Austral Plan, another ill-fated attempt to stabilize an economy via shock treatments.

Fernando Henrique's Team

Edmar Bacha:

- Job: The minister's special advisor in Rio de Janeiro
- Who he is: Professor at Rio de Janeiro's PUC and former president of the IBGE [Brazilian Institute of Geography and Statistics] during the Cruzado Plan. As formulator of economic policy, he always advocated a combination of fiscal, monetary, and exchange measures to control inflation.

Winston Fritsch:

- Job: Special Secretary of Economic Policy

- Who he is: Professor in the Economics Department of PUC-RJ and a classmate of FHC at Cambridge, in England. In his articles he urges use of foreign exchange as the anchor for strengthening the cruzeiro, and freer trade.

Clovis Barros de Carvalho:

- Job: Executive Secretary, Ministry of Finance
- Who he is: An engineer educated at USP [University of Sao Paulo], where he was a classmate of Deputy Jose Serra (PSDB-SP). As part of the Franco Montoro administration in Sao Paulo State, he succeeded Serra as planning secretary and gained a reputation for austerity in government spending.

Pedro Malan:

- Job: Foreign debt negotiator
- Who he is: Former representative of the World Bank in Brazil, he was invited to be president of the Central Bank when Eliseu Resende was finance minister. He will cease to be solely a negotiator and will participate in formulating economic policy, spending part of his time in Brasilia.

Julio Cesar Gomes:

- Job: The minister's private secretary
- Who he is: A career diplomat at Itamaraty.

Murilo Portugal:

- Job: Secretary of the National Treasury
- Who he is: An economist at IPEA [Applied Economic-Social Research Institute] and coordinator of the Collor administration's deregulation program. He will keep his job.

Sinesio Sampaio:

- Job: Chief of Staff
- Who he is: Career ambassador at Itamaraty.

Gustavo Franco:

- Job: Deputy Secretary for Economic Policy
- Who he is: Professor of economics at PUC-RJ and a contributor to FOLHA. Like Winston Fritsch, he pins his hopes on the foreign exchange anchor.

Jose Roberto Mendonca de Barros:

- Job: Special advisor in Sao Paulo
- Who he is: An economist educated at FEA/USP [School of Economics and Administration of the University of Sao Paulo], who did postdoctoral work at Yale. He is a professor at USP (FEA, FIPE [Economic Research Institute Foundation], and Esalq [no expansion given]). He does economic consulting work through his firm Mendonca de Barros Associates.

* GDP Up 4.36 Percent in First Quarter

93SM0308C Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 93 p 3

[Article by Rio correspondent Vera Saavedra Durao]

[Text] Brazil's Gross Domestic Product (GDP) grew by 4.36 percent during the first quarter of this year compared with the final quarter of 1992, the Brazilian Institute of Geography and Statistics (IBGE) announced yesterday, thus confirming an excellent performance by the Brazilian economy during the period. As the technical coordinator of IBGE's Department of National Accounts, Samuel Sidsamer, pointed out, this rate is the highest since 1980. Sidsamer said the main reason is that internal demand is heating up again; the excellent 1992/93 harvest contributed to this by boosting farm incomes.

The performance of industry was particularly important in this upturn, in IBGE's opinion. Industry in general grew by 6.11 percent from January to March compared with the previous quarter. Manufacturing increased its output by 6.62 percent, while construction gained by 8.61 percent. Agriculture climbed 5.86 percent, with the field crops segment experiencing more expansion—7.63 percent.

In the services sector, where growth averaged 2.38 percent, retailers were especially happy. That segment increased by 6.93 percent, reflecting sales growth in the face of a recovery in workers' real earnings and the decisions made by families to consume real assets, especially durable goods, given the uncertainties of financial yields and the high rate of inflation.

Brazil: GDP Quarterly Rate - Seasonally-Adjusted Series (%)

Sector of Activity	Rate (Quarter/previous quarter)				
	1992.I	1992.II	1992.III	1992.IV	1993.I
GDP	-0.95	-0.59	-1.21	2.32	4.36
AGRICULTURE	3.91	0.10	-2.60	5.51	5.86
Field Crops	4.56	0.00	-5.33	3.23	7.63
Livestock production	3.02	0.24	1.14	-0.70	3.49
INDUSTRY	-3.01	-1.68	-1.04	3.91	6.11
Mining	-1.34	-0.28	-0.10	-1.83	-1.28
Manufacturing	-3.14	-1.18	-1.44	4.79	6.62
Construction	-4.82	-5.45	-0.39	3.96	8.61

Brazil: GDP Quarterly Rate - Seasonally-Adjusted Series (%) (Continued)

Sector of Activity	Rate (Quarter/previous quarter)				
	1992.I	1992.II	1992.III	1992.IV	1993.I
Public Utility Service Inds.	0.33	-0.15	-0.60	-0.04	1.70
SERVICES	-0.54	0.15	-0.94	1.21	2.38
Retail Trade	-2.08	0.19	-2.56	5.03	6.93
Transportation	2.10	-1.04	-3.09	-0.04	4.20
Communications	-2.01	1.97	2.11	1.43	0.82
Financial Institutions	-1.29	-0.69	-0.38	-0.66	-0.76
Public Administration	0.47	0.49	0.49	0.47	0.47
Other Services	-0.31	-0.09	-0.70	-0.53	-0.20

Source: IBGE/DPE/DECNA.

Prospects

In comparison to the first quarter of last year, the GDP in 1993 grew by 4.69 percent, but the four-quarter average compared with the average of the four preceding quarters (accrued 12-month rate) still showed a decline of 1.03 percent. Sidsamer believes this negative growth rate will be reversed during the coming quarters. In his opinion, the second quarter may produce a performance similar to the first quarter, and the situation is unlikely to worsen in the future quarters, so that GDP this year would rise by 4 percent. "If nothing speeds up the financial merry-go-round, we will be able to continue at this level, investing in production," he commented.

Sidsamer believes that so far, the recovery in production has not represented any increase in plant and equipment or employment, since there is idle capacity yet to be absorbed.

According to the IBGE, the average idle capacity in industry today is about 25 percent. The technical coordinator of the Department of National Accounts does not think the increase in production wil' raise the inflation rate. "You cannot deal with inflation without looking at production and without realizing that today, the social problem is the most serious one," he said.

Brazil: GDP Rate: Quarter/Same Quarter of Previous Year (%)

Sector of Activity	1992.I	1992.II	1992.III	1992.IV	1993.I
GDP	5.17	-2.25	-5.22	0.57	4.69
AGRICULTURE	9.24	8.13	1.56	3.03	4.69
Field Crops	11.15	9.99	-0.25	2.07	5.35
Livestock production	7.09	4.47	3.99	3.84	3.93
INDUSTRY	6.23	-8.16	-9.87	-1.98	7.15
Mining	2.20	-5.35	6.36	-3.41	-3.48
Manufacturing	4.66	-9.23	-11.19	-1.18	8.79
Construction	15.41	-8.71	-12.54	-6.43	7.21
Public Utility Service Inds.	6.95	1.01	-0.02	-0.47	0.97
SERVICES	3.18	-0.73	-2.46	-0.16	2.66
Retail Trade	3.59	-5.90	-9.26	0.37	9.60
Transportation	14.41	2.49	-2.10	-2.35	0.05
Communications	9.50	4.81	5.56	3.40	6.41
Financial Institutions	-6.16	-5.13	-4.09	-3.01	-2.47
Public Administration	1.93	1.93	1.93	1.93	1.93
Other Services	-0.01	-0.42	-1.33	-1.62	-1.11

Source: IBGE/DPE/DECNA.

GDP Versus Population

Sidsamer pointed out that first quarter production of goods and services in 1993 represents a 15.66 percent growth in relation to 1980. However, this figure is well below the rate of growth in the Brazilian population during that period, which was 25.92 percent. "We are still in the red as far as per capita GDP," he said. His

opinion is that the growth in production during the past 12 years, although significant, is insufficient as regards the population. If the purchasing power of Brazilian consumers were to recover, this country could suffer a "supply shock."

Production by manufacturers is still 9.70 percent below 1980 levels, and output by the construction industry is 11.33 percent lower. This means the industry "gap" [preceding word in English] as regards the 1980 production level is -2.97 percent. Mining is the only industrial area where production is up in comparison to 1980.

Brazil: Quarterly Real GDP Rate (%)

Rates	1992.I	1992.II	1992.III	1992.IV	1993.I
Seasonally-adjusted Quarter/ Immed. Previous Quarter	-0.95	-0.59	-1.21	2.32	4.36
Quarter/Same Quarter of Previous Year	5.17	-2.25	-5.22	-0.57	4.69
Average During the Year/Average for Same Period of Previous Year	5.17	1.15	-1.13	-0.99	4.69
Four-quarter Average/Average for Immediately Previous Four Quarters	4.08	1.53	-0.48	-0.99	-1.03

Source: IBGE/DPE/DECNA.

[Box]

Size of 1993 Decline Revised

IBGE has revised its figures on the behavior of real GDP for 1992 and found that the drop in the volume of goods and services produced in Brazil that year was somewhat bigger: 0.99 percent instead of the 0.93 percent previously announced. The institution also announced the nominal value of GDP, which reached the impressive level of 1.779 quadrillion cruzeiros.

IBGE finds that converting this figure into dollars is a very complex task, and so prefers not to do so. Sidsamer explained that the average exchange rate for the year is calculated by the Central Bank, which takes U.S. inflation into account. GAZETA MERCANTIL's Data Center, using the Central Bank formula, estimated the dollar equivalent of 1992 GDP at $426.4 billion.

In terms of the role of individual economic sectors in the GDP, the IBGE reported some changes in the traditional profile, with increases in the participation of agriculture (from 10.8 percent in 1991 to 11.5 percent in 1992), services (from 59.9 percent in 1991 to 60.7 percent in 1992), and a slight shrinkage in industry's share (from 37.3 percent in 1991 to 37 percent in 1992). The portion resulting from imputation of financial brokerage services rose from 8 percent in 1991 to 9.3 percent in 1992. This imputation builds in the interest received, less payments by the financial sector to other sectors of the economy; it is deducted from the total participation in the GDP since it is not considered a "product."

The fact that this portion increased indicates that the inflation rate was higher during the period, that there was greater or lesser use of bank funds, and that interest rates were high.

Indirect taxes (the ICMS [Goods and Services Movement Tax], IPI [Tax on Manufactured Products], and others) are included in the GDP calculations after deduction of subsidies. The role of this factor in GDP fell from 12.6 percent in 1991 to 12 percent in 1992. This performance by indirect taxes reflects last year's recession.

* Agriculture Minister Andrauss Defines Goals

93SM0311C Sao Paulo GAZETA MERCANTIL in Portuguese 8 Jun 93 p 18

[Article by Brasilia correspondent Claudia Kuck]

[Text] New minister of Agriculture Nuri Andrauss, on taking over yesterday from Wilson Romao—who has been confirmed as the chairman of the National Supply Company—said that President Itamar Franco had told him to make agriculture the leader of resumed development to get the economy back to an average growth rate of 7 percent a year. He asserted that product-equivalency in granting rural credit "will be the engine and the dominating vector of any actions to be taken."

At the ceremony held on a platform set up in front of the ministry building, Senator Mauro Benevides, speaking on behalf of the PMDB [Brazilian Democratic Movement Party] leadership, said the party supports Andrauss and will be at his side when he goes to Congress to defend "changes that will affect rural credit and the implementation of product-price equivalency." Sao Paulo State Secretary of Agriculture Jose Antonio Barros Munhoz also expressed solidarity with the minister, while Deputy Giovanni Queiroz (PDT [Democratic Labor Party] from Para), speaking for the House Agriculture Committee, said Andrauss will have "the biggest delegation of any in Congress, the people who represent the rural constituency."

Later, at a meeting of the state secretaries with the new minister, President of the National Agricultural Confederation Antonio Ernesto de Salvo recalled that it is

hazardous to start out by offending the financial system by waving the banner of product-equivalency. He said that only 25 percent of farmers use credit, and one must think about the other 75 percent. He urged priority for maintenance of farm income levels by guaranteeing minimum prices and maintaining prices, organizing the ministry, and reducing the tax burden. Directors of CONTAG [National Confederation of Farmworkers] who were present asked that greater attention be given to agrarian reform.

In several interviews and one lengthy speech in which he emphasized that he has little time for conversation "and plenty of problems to solve," Nuri Andrauss summed up his criticisms, and his goals as minister:

- Reduction in the tax burden on farm production and a careful re-examination of tariff policy "oriented within a vision that defends it from predatory foreign competition." He charged that Brazilian products are exposed to competition "from the highly subsidized credit available in alien product-systems."
- The Minister said rural credit in Brazil has deteriorated in the economy after the five heterodox plans of the last five years, and that this has led to decreased investment, high costs, dollarization of the inputs and implements market, and defaults. He promised to combat all this.
- Later he assured his audience that product-equivalency would help to schedule the sums borrowed, "treating as good and valid the volumes to be harvested under market equivalency, defined by the average behaviors of the price curves." The minister wants rural credit, operated on the product-equivalency system, to be restored to Bank of Brazil management and said the system could be supported by creating an Agricultural Compensation Fund.
- Andraus said he had explained to Itamar that high food prices are caused by the exorbitant cost of credit and excessive taxes "with the burden of the TR [Reference Interest Rate], plus 12 percent a year absolutely inhibiting investments."
- Still criticizing the farm subsidies given by industrial countries, he said his ministry would work with Itamaraty and the Cairns Group to insist on successful completion of the Uruguay Round of the GATT, "the only chance to begin overhauling the world agricultural market."
- Agrarian reform will be tackled with renewed vigor, starting at the small business level, "introducing new concepts in land ownership policy, and removing the gratuitous and inconsequential welfare character from its context and foundations."

* PRC Explores Investment in Mining Sector

93SM0308A Sao Paulo GAZETA MERCANTIL in Portuguese 1 Jun 93 p 6

[Article by Brasilia correspondent Maria Helene Tachinardi, with Sao Paulo correspondent Nora Gonzales]

[Text] The vice premier of the People's Republic of China, Zhu Rongji, who arrived in Manaus Saturday after stops in Canada and Mexico "is a rising star" in his country and may soon succeed the ailing Li Peng as Premier. He has the support of former Premier Deng Xiaoping and is the director of the government's economic policy.

Zhu Rongji expressed an interest in visiting Carajas because China wants to invest in mining if the Brazilian constitutional reform authorizes participation by foreign capital in exploitation of the subsoil. On Sunday, he visited the Itaipu hydroelectric project. In the opinion of contractors CBPO, Mendes, Jr., and Andrade Gutierrez, his visit is important because they are competing for contracts to build two dams worth approximately $400 million each.

According to sources in Itamaraty, these companies have formed a consortium with Chinese firms and are interested in participating in the building of the world's largest hydroelectric plant—Three Gorges, on the Yangtze river. It will be built in several stages.

Last year, Chinese foreign trade increased by 13 percent compared to 1991, totalling $150 billion, of which $80 billion was imports. Brazil exported about $480 million to that market—mainly coffee, iron ore, and lumber—while importing $60 million worth of goods, basically chemical products and textiles.

Zhu Rongji, 65, who was mayor of Shanghai from 1987 to 1991, will have a working meeting at Itamaraty tomorrow with acting Foreign Minister Luis Felipe Lampreia, Finance Minister Fernando Henrique Cardoso, Industry and Commerce Minister Jose Eduardo Andrade Vieira, and Mines and Energy Minister Paulino Cicero. He will also be received by President Itamar Franco, the president of the Senate, and the speaker of the House.

According to Sergio Serra, head of Itamaraty's Asia and Oceania Department, Brazil plans to open a consulate in Shanghai in 1994 "oriented mainly to commercial promotion." This is because the government thinks it is important to exploit the potential of the Chinese market, where Brazilian businessmen have not been very aggressive, exporting hardly any manufactured goods.

[Box]

Trade On the Rise

Vice Premier of the People's Republic of China Zhu Rongji made an official visit to Sao Paulo yesterday. His agenda included meetings with Governor Luiz Antonio Fleury Filho and with Mayor Paulo Maluf, with whom he discussed economic and trade matters.

The mayor proposed lower-cost freight rates in regular service, as well as the establishment of duty-free warehouses where goods could be kept in inventory.

At noon, Zhu Rongji was received at the headquarters of Sao Paulo State Federation of Industries (FIESP) by several businessmen and by FIESP President Carlos Eduardo Moreira Ferreira, who pointed out that China has become attractive to risk capital "without losing its national characteristics and without giving up its doctrinal positions."

Zhu Rongji spoke of the progress made by his country during the past 14 years, with special mention of China's reform and "opening" program. The vice premier also emphasized Latin America's importance in trade relations with China. In 1972, the value of trade with the Americas reached the $3 billion level, and still shows signs of growth. That year, trade between Brazil and China was valued at $580 million. During the first two months of this year, trade amounted to $80 million.

* Auto Industry Sets Production Record in May

93SM0308B Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 93 p 10

[Article by Brasilia correspondent Eugenia Lopes]

[Text] Representatives of the automakers met yesterday afternoon with President Itamar Franco to present the results of Brazil's auto industry for the first five months of this year. According to Luiz Adelar Scheuer, president of the National Association of Automotive Vehicle Manufacturers (Anfavea), the industry produced a record 124,000 vehicles in May.

"Our previous production record was 121,000 vehicles, achieved in October 1980. This month, we built 124,000," Scheuer exulted. May vehicle production was 13 percent higher than April output and 45 percent higher than May 1992 levels. "If we compare the production figures for the first five months of this year with the same period of last year, we find a 33 percent increase," the Anfavea president announced.

Furthermore, May sales of vehicles on the domestic market totalled 90,000, which represents a 14 percent increase from April and a 47 percent jump over the first five months of last year. "These figures are most encouraging, since they indicate that the negotiations in the sectoral chamber involving the government, labor, and industry may lead to a significant contribution toward the resumption of growth," Scheuer asserted. Auto industry expectations, the Anfavea president said, are that vehicle production will approximate 1.2 million units by the end of the year, as was forecast in the sectoral agreement.

"People's Car"

Scheuer went to Planalto Palace yesterday accompanied by the directors of Fiat (Roberto Luiz Bogus), General Motors (Jose Carlos Pinheiro Neto), and Scania (Mauro Marcondes). The automaker representatives were unanimous in saying that there is no shortage of the so-called "people's cars" on the market. According to Anfavea figures, the auto industry turned out 10,000 of these basic models in April, and 28,000 in May.

"It is natural that the demand for these affordable cars would surge at the end of the month," said Fiat representative Roberto Bogus. He explained that since the price of the "people's car" is fixed in cruzeiros for a 30-day period, it had fallen by the end of the month to $6,300. "At the beginning of the month, the price of that car was equivalent to about $8,300."

Employment

According to Anfavea data, employment also rose during the first five months of 1993. While in January the industry employed 104,400 workers, by May that figure had risen to 106,000. "That means there were 1,600 jobs created in the industry. We know from historical experience that one job in the factory means at least five jobs in supplier firms, and from 28 to 30 jobs in the entire chain." Then he added, "We are beginning to see a favorable avalanche in terms of employment."

However, representatives of the auto industry still think taxes on vehicles are very high. When you add up the ICMS [Goods and Services Movement Tax], the PIS [Social Integration Program], and the Finsocial [Social Investment Fund] levies, the tax burden on the "people's car" comes to 17 percent. "There is only one country in the world where the taxes on a luxury car are higher than that—France," said Scheuer. Brazilian luxury cars, according to the Anfavea president, are taxed at 35 percent. "Despite the government's efforts, the tax burden is still heavy," he said.

* Growth of Separatist Movement Analyzed

93SM0306A Sao Paulo ISTOE in Portuguese 2 Jun 93 pp 48-51

[Article by Silvio Ferraz: "Secession Rhymes With Inflation"]

[Text] *The Federation cannot withstand the effects of a currency that is declining in value by 1 percent per day and eroding its people's standard of living.*

Santa Cruz do Sul—Fireworks and pamphleteering are not the only things sustaining Brazilian separatists in peaceable Santa Cruz do Sul, 150 kilometers from Porto Alegre, as they march in their T-shirts emblazoned with the emblem of the "Republic of the Pampas." Even though the cry of independence scheduled for 22 May by self-proclaimed leader Irton Marx was postponed due to the failure of the procession of cars that was supposed to lead to a plebiscite, talk of separatism continues to agitate the country. A survey by ISTOE and the Bonilha

Institute has just been completed, and its results show that the contingent of southerners who would vote to separate their states from the rest of the country has jumped from 41 percent in December 1991 to 43.1 percent. The Bonilha Institute, whose headquarters are in Curitiba, reached those conclusions after interviewing 1,250 people. In the states in the extreme South, the secessionists would win today—and by a large margin. That in itself may be enough to wake up a lot of people. After being detected in their place of origin, the seeds of national divorce are now taking very definite shape. And there is nothing to indicate that they are going to dry up.

In the opinion of sociologist Rogerio Bonilha, 46, president of the Bonilha Institute and coordinator of the opinion poll, the commotion reveals that Brazilians are deeply disenchanted with the state in which the country finds itself, so much so that the southerners believe the best solution might be a wall separating them from the part of Brazil they consider gangrenous. Historian and political scientist Aspasia Camargo already has the names of the father and mother of that separatist feeling: "It is inflation." From Belem, where she is participating in a meeting between the North and Northeast on federalism, Aspasia believes it is simply impossible to hold a federation together with a rotten currency that is losing 1 percent of its value every day. "That is the same as flying a plane without instruments."

If the government allowed a plebiscite on whether to split Brazil, how would you vote?

	In percentages		
State	For	Against	Don't know
Santa Catarina	49.0	43.7	7.1
Rio Grande do Sul	47.1	41.8	10.9
Sao Paulo	32.5	63.1	4.3
Parana	43.7	52.5	3.7
Total	43.1	50.3	6.5

According to the professor, the emergence of the separatist movement is the signal to national leaders that the South, most of which is uniform and without marked social contrasts, is not going to tolerate this state of things any longer. "And the worst of it is that they are starting to talk nonsense." The whole thing might even be considered a joke in doubtful taste were it not for the fact that the great majority of southern hearts are beating to a secessionist rhythm. And the reason they are not expressing that feeling more explicitly is that they do not want to run the risk of being confused with followers of the "Fuehrer of the Pampas," as Irton Marx is known. In any case, Rio Grande do Sul's residents, being more exasperated than others, do not like the way they are being treated by the Federal Government—or the royal court in Brazil, as many of them prefer to call it.

Comparison of 'Brazil North' and 'Brazil South'

Description	Brazil North*	Brazil South**
Area (square kilometers)	7.5 million	823,000
Population (millions)(IBGE)	88	52
Voters (millions)	35.2	32.3
Gross domestic product (trillions of cruzeiros, 1990)	15.3	16.9
Per capita income	$200	$3,600
Infant mortality (per 1,000)	55.4	34

* Brazil North (all states except the four in Brazil South). The infant mortality rate is high in this huge territory, which has a large population.

** Brazil South (Sao Paulo, Parana, Santa Catarina, and Rio Grande do Sul). Per capita income in this "country" with four states is 18 times higher than that in the rest of the real Brazil.

Rio Grande do Sul Governor Alceu Collares repeatedly hurls his most forceful argument into the arena in Brasilia: "Rio Grande do Sul has sent more money to the Northeast in the past 20 years than the United States spent to rebuild a Europe flattened by World War II. No less than $20 billion!" he exclaims. Writer and columnist Luis Fernando Verissimo, 56, is unconcerned and is not letting himself be contaminated by separatist fervor. "It is a false option," he says. "Rio Grande do Sul society has always bragged about European influence, and now it is surprised to encounter the possible interpretation that its attitude is racist. I feel that we are paying the price." The analyst from Bage, reclining lazily on the sheepskin rug in his stockbreeder's library, says firmly: "I am a separatist. I like radical solutions. The time has come for a blow with the knee in Brazil." Verissimo, his alter ego, admonishes him: "Neither you nor your solution is anything more than a caricature."

Blows with the knee aside, the fact is that politicians such as Bahia Governor Antonio Carlos Magalhaes are not treating the secessionist preaching as though it were a madman's tirade. Magalhaes says: "Besides revealing an ignorance of history, southern separatism is an injustice to a country that must be a whole and not incomplete." The South's whining that its representatives in the Chamber of Deputies are ridiculously few in number considering the population of the states they represent makes the governor smile. He points out: "If we look at the numbers from the time of Getulio Vargas to Geisel,

we see that Brazil was governed by people from Rio Grande do Sul for 31 years of its recent history." Maybe so, but in his elegant French-style office in the governor's palace in Porto Alegre, the articulate chief of Collares' Civilian Household, lawyer Sergio Porto, 42, is smoking one Galaxy cigarette after another as he gathers ammunition for the legal battle he is going to face in the Supreme Court. His objective: to amend the Constitution so as to give Rio Grande do Sul's voters the same political weight as Roraima's. "What kind of equality is it when Roraima needs only 9,128 votes to elect a federal deputy while here we need exactly 183,866?" he asks.

Without beating around the bush, Sergio Porta also attacks the northeastern politicians, thus throwing more wood on the secessionist fire. He is backed by 20 percent of those interviewed in the ISTOE/Bonilha Institute poll, who say that the politicians in the other half of the country are more dishonest, period. Speaking from the "royal court," Senator Beni Veras (PSDB [Brazilian Social Democracy Party], Ceara) expresses surprise at the southern charge and opens fire: "All the financial scandals such as Coroa-Brastel and Delfin occurred in the South." And, half perplexed and half indignant, he asks: "What are Inocencio Oliveira's wells compared to those megathefts by the South?" The senator from Ceara sees the roots of Rio Grande do Sul separatism in the nation's economic decline. "The people in Rio Grande do Sul have grown poorer, their industry cannot compete with that in Sao Paulo, and now they are looking for a scapegoat to blame for the decline in their quality of life." Senator Garibaldi Alves Filho (PMDB [Brazilian Democratic Movement Party], Rio Grande do Norte) warns: "Stereotypical views are coming to an end. There is no longer a Northeast that is completely poor or a South that is completely rich. That is doubtless stirring up the feelings of the separatists."

In your opinion, where are the politicians most corrupt?

Region	Percent
All regions	31.41
Northeast	20.08
North	6.95
Center-West	1.48
Southeast	0.94
South	0.70
Don't know	6.95

Which regions receive the most benefits from the Federal Government?

Region	Percent
Northeast	45.88
North	15.56
Southeast	7.43
South	4.76
Center-West	2.67
All regions	1.28
Don't know	5.69

Is immigration from the North and Northeast beneficial or harmful to the South?

Answer	Percent
Harmful	53.05
Beneficial	15.63
Neither	25.94
Don't know	5.39

Is your state harmed in the distribution of federal funds?

Answer	Percent
Yes	72.11
No	12.73
Don't know	15.16

Waving their hands as though to clear away the smoke from the political gunfight, scientist Aspasia Camargo and Governor Antonio Carlos Magalhaes prefer to look at the dangers facing the Federation if separatist talk becomes fashionable. In Camargo's opinion, the economic and political crisis is being prolonged intolerably. And she warns: "We must be careful not to create an even more favorable atmosphere for preaching those aberrations." Bahia's governor is direct: "One of Hitler's whelps may be emerging in the middle of the pampas." If the person he is referring to is Irton Marx, he is certainly exaggerating deliberately. In Santa Cruz do Sul, the leader of the "Republic of the Pampas" spent the week giving wing to his prodigious but thoroughly tedious imagination. Some people feel that his excessive radicalism is losing him followers. Others say it is his racism. And still others say that his presence is avoided because his company is far from enjoyable. Whatever the case, the fact that Irton did not appear at the event in Getulio Vargas Square, where he was supposed to proclaim independence on the 22d, did not sit well with his followers. "There was a bomb threat," Irton tries to explain. We asked: "Was it bombs, or was it because you wanted to be arrested but learned that you would not be?" He changed the subject, saying with a sigh: "Look, that is not it. I did not want to be arrested. Did you ever think what would happen if they took me in and injected me with the AIDS virus?"

Those absurdities, added to his plans for the new republic, in which blacks will have to work hard and Jews will have to develop good sense, were not eloquent enough to keep the international press away. The German magazine DER SPIEGEL, THE NEW YORK TIMES, and television networks from Canada, France, Germany, and Italy have shown up at separatist headquarters: Irton's home on Tiradentes Street. Because of things like that and others besides, Deputy Delfim Netto

rages: "Some of them are crazy. They want to destroy a model which the European countries are pursuing but which Brazil has achieved without trauma, without cost, and without abandoning its sovereignty." More restrained than the former economic tsar is the president of the Rio Grande do Sul Trade Federation, Anton Karl Biederman. Despite his name, he is Brazilian to the fingertips. An intransigent defender of national unity, he confesses: "I would not be honest if I said we had never discussed separatism. Everybody south of Sao Paulo has." To be on the safe side, he gives the formula for stifling those pernicious feelings: real federalism.

And that, incidentally, is what Aspasia Camargo is fighting for. Working with tax forms and collection records, the historian believes that it is becoming less and less possible to preserve a Federation in which only 4 million Brazilians pay what they owe the tax authorities in order to support the other 150 million. "We must start moving toward federalism as quickly as possible by undertaking a thoroughgoing tax reform in which the central government's functions will be reduced and the state governments will emerge as the authorities in charge of the distribution of funds and public investment." Soft-spoken historian Decio Freitas, 70, puts his finger in another serious wound opened by the separatist talk: "These movements are crammed with racist attitudes. Southerners in general consider themselves white and look upon mulatto Brazil with disdain." Racial prejudice also makes Rogerio Bonilha uncomfortable. From his privileged observation tower in Curitiba, he notes that although it is denied, prejudice toward northeasterners is acknowledged by nearly half of the southern population: "All you have to do is ask where one finds the hardest working Brazilians, the ones with the fewest morals, the most violent, the least likable, and the most honest, and you will get a prejudiced view of Brazilians by Brazilians," he says.

* Ipea Survey Reveals Extent of Poverty in 1990

93SM0311D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 May 93 p 11

[Article by Carlos Franco]

[Text] Rio de Janeiro—Absolute misery afflicted about 9.17 million Brazilian families in 1990, according to a survey released yesterday by the National Confederation of Industries (CNI) and prepared by the Applied Economic-Social Research Institute (IPEA). Since each family unit is composed of four people, this means the number of indigents reached 36.6 million in 1990, according to a study made by the United Nations. According to that report, a family is considered indigent if the combined income of all its members does not exceed the price of a minimum basic "market basket."

Absolute misery also arrived in 1990 in the leading middle-sized cities of Sao Paulo state, many of which were considered islands of prosperity during the 1980's—like Limeira, Ribeirao Preto, and Presidente Prudente. According to CNI figures, 835,300 families in the state were living in poverty.

Of the total number of indigent families in Sao Paulo, 204,020 lived in the capital city, 11,060 in Santo Andre, 12,700 in Osasco, 16,700 in Guarulhos, 14,900 in Campinas, 8,100 in Ribeirao Preto, 5,400 in Presidente Prudente, and 4,100 in Limeira.

Not even Guaruja, one of the coastal cities most popular with middle-class and upper middle-class Paulista families, escaped from the misery. In that region, 4,800 indigent families were found. The data were collected by the Brazilian Institute of Geography and Statistics (IBGE) and also analyzed by IPEA.

In the opinion of sociologist Herbert de Souza, "Betinho," coordinator of the National Campaign Against Hunger and Misery, the figures on the extent of misery throughout Brazil are alarming. "We have 32 million Brazilians living in utter poverty, and they need quick and effective action against hunger and misery."

To Betinho, who yesterday submitted to the presidents of 27 federations of industry and to Minister of Labor Walter Barelli two proposals that would help businessmen participate more effectively against the campaign against hunger, the resumption of development is the best way to overcome that crisis because it could generate new jobs and also raise standards in the educational system. Betinho signed an agreement with the CNI under which it promises to support the program.

Other States

The IPEA survey also shows that several economically important cities in states like Minas Gerais and Parana contain significant numbers of indigent families. In Uberlandia, one of the most prosperous cities in the Minas Triangle, 14,500 families were classified as indigent in 1990. Even Curitiba, considered Brazil's model city, exhibits the numbers of misery: 27,500 of its 563,500 families are indigents.

Chile

Foreign Affairs Adviser Terms Clinton's Remarks 'Positive'

PY0107025793 Santiago Radio Cooperativa Network in Spanish 2300 GMT 30 Jun 93

[Text] Juan Salazar, foreign affairs adviser to the finance minister, said the remarks by U.S. President Bill Clinton confirming his willingness to negotiate free trade agreements with Chile and Argentina are positive, even though they do not entail any change in the existing situation.

Salazar, a diplomat and a political expert, recalled that this willingness already had been expressed in a letter Clinton sent to Chilean President Patricio Aylwin.

As for the U.S. position in favor of raising pending issues like that of pharmaceutical patents, as part of the negotiations, Salazar said Chile also has its own issues to raise:

[Begin recording] There are several formulas. One of them is to simply address the matters that are important, that is, the United States can raise the intellectual property issue and other issues, and we can raise our own issues. Or we can jointly analyze (?NAFTA) terms to see whether they are adjusted to Chilean and U.S. laws, and whether such terms can be used as a foundation for a bilateral agreement. [end recording]

He explained that the economic agenda between Chile and the United States will be addressed anyway by a bilateral council whose next meeting will be held in Washington in September.

Concerning Chilean commercial strategy, he said it seeks to combine the unilateral opening of the economy and direct negotiations with specific countries and with multilateral organizations like GATT.

A decision to reduce Chilean import tariffs will be made by the next government, he said.

1993 Privatization Program Outlined

PY2906220593 Santiago EL MERCURIO in Spanish 19 Jun 93 p B2

[Excerpt] The Production Development Corporation [Corfo] yesterday established its privatization program for the rest of the year. It also announced the opening of new business opportunities for the private sector within its subsidiaries, which includes bids for the construction of water treatment plants in Santiago and in the regions.

Corfo manager Gustavo Silva said that 33 percent of Edelnor [Northern Electricity Company] shares will be submitted to an international bid between 15 and 30 August 1993. The sale of shares in this company represents the most important transfer of Corfo's assets to the private sector in the past few years.

Corfo today controls 83 percent of Edelnor's assets, but its participation will thus drop to 49 percent. The executive branch also announced that 20 percent of the package to be auctioned stems from an increase in Edelnor's capital, as approved by its shareholders, and the remaining 13 percent relates to titles Corfo will have to sell to reduce its participation in Edelnor to less than half.

Silva said that the terms for the international bid are expected to be ready by 15 July. He added that the terms are being prepared now by Bice Chileconsult, the company specially hired to advise in this process.

He added that extraordinary interest is being shown by national and international investors, considering the prospects of the company which will have a new thermal plant operational by mid 1995. Once privatized it will have the option to build a second plant which, according to estimates, should begin in 1997.

The company expects to collect $60 million—$20 million from Corfo's package and $40 million from the increase in capital—from the sale of shares.

Concerning the shares related to the increase in capital, the money obtained from this operation will finance the construction of the Mejillones Thermal Plant, which is expected to cost $190 million, $100 million of which will come from a credit granted by the Santander Bank of Spain, and $50 million to the company's own resources. [passage omitted]

Pablo Escobar's Nephew Reportedly Seeks Visa

PY2906161493 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 29 Jun 93

[Text] Nicolas Escobar said his uncle Pablo Escobar Gaviria is willing to turn himself over to the courts in the next few days. Concerning his situation in Chile, he said he is waiting for a decision by the government to definitively stay in Chile.

Nicolas Escobar Urquijo and the six members of his family who are accompanying him still are living in this building on Nueva de Lyon Street in Providencia. [video shows building]

The rent contract shows they are paying $90 per day for their apartments, but the document does not specify the end of the contract.

Contrary to everything that has been said, Nicolas Escobar noted he did not have any problems with anyone in the building.

[Begin recording] [Escobar] [camera shows closeup of Escobar, wearing dark glasses, with half-covered face] I did not commit any infraction or do anything wrong. I am paying for the house and I am doing everything normally.

[Unidentified reporter] Do you still want to stay in Chile with your family?

[Escobar] I'd love to stay in Chile. I said several times that Chilean people are wonderful. Consequently, I would like to stay here and, if we can stay, create an enterprise, create jobs, and study business administration to manage the enterprise.

[Reporter] What is the decisive factor in your staying here?

[Escobar] It will depend on the government; that is, I cannot oppose a government decision. If the government considers that I and the people who are accompanying me are persona non grata, we then will have to go. If the government allows us to stay here we will stay. [end recording]

Nicolas Escobar denied that his objective was to launder money in Chile, ruling out the possibility that his presence in Chile might provoke an attack against him by the enemies of Pablo Escobar Gaviria, the world's most eagerly sought drug trafficker.

Meanwhile, in Bogota today, Colombian authorities confirmed that Pablo Escobar is negotiating his surrender to the courts, information that his nephew confirmed:

[Begin recording] I have learned that he is planning to turn himself over to the Colombian courts very soon, but only if he is given guarantees. The only guarantees that my family demands is that his life be protected and that he be put in a jail where he will be well placed and safe and where he will not be murdered. [end recording]

Nicolas Escobar and his family have Chilean tourist visas, which last 90 days and can be extended for a similar period or a shorter period. So far, government authorities have not made any comments on the decision that may be adopted on them.

Meanwhile, police are expectant and in permanent contact with Nicolas Escobar and those accompanying him, in order to maintain their security.

At Government House, it was reported that Interior Minister Belisario Velasco is preparing a report on the situation of the Escobar family in Chile. The document will be handed over to Interior Minister Enrique Krauss on 30 June. Krauss will make a final decision on whether or not to grant a residence visa to the relatives of Colombian drug trafficker Pablo Escobar Gaviria.

Government Cancels Visas for Pablo Escobar's Relatives

PY0107005293 Santiago Radio Cooperativa Network in Spanish 2300 GMT 30 Jun 93

[Text] The presence of Pablo Escobar Gaviria's relatives affects Chilean interests, Interior Under Secretary Belisario Velasco said in announcing the government's decision to cancel the tourist visas granted to the seven Colombians who arrived in Chile a few weeks ago.

Velasco said the measure was enforced through resolution No. 1480 and on orders from President Patricio Aylwin. Velasco explained the reasons for adopting the resolution:

[Begin recording] This decision was made taking into account a report received today from the Investigations Directorate. The report says that, according to statements the Colombians themselves have made, their only funds were coming from people who are being held under arrest in Colombia on charges of illegally obtaining wealth and illegal weapons possession. [end recording]

Velasco said the funds of Escobar Gaviria's relatives are illegal, and they already have been notified that they must leave Chile by 5 July. Asked about why they were allowed to enter Chile, Velasco replied:

[Begin recording] According to the law and the terms of existing Chilean-Colombian agreements, they entered Chile with passports. They also could have entered the country with identification cards. A Colombian or a Chilean—this works reciprocally for both countries—does not need a visa or previous authorization to enter the other country, and can be authorized to stay one to 90 days. This authorization can be extended for another 90-day period if authorities deem it necessary. [end recording]

Velasco explained that an expulsion order will be issued if the seven people do not leave Chile by 5 July. He added that there is a state of law in Chile and that, consequently, the visitors can file a petition for an injunction with the Appellate Court.

* Frei Advisers on Tax Policy, Social Spending

93SM0296B Santiago EL MERCURIO in Spanish 15 May 93 pp D2-D3

[Article by Ana Maria Gibson]

[Text] Even if the current economic situation is at the heart of all current debate, it is interesting to see the projections made by Frei's economic advisers and what economic tasks they anticipate in the years lying just ahead.

Frei's team does not give the impression that the Aylwin administration left them in a bad fix, not even in terms of the controversial level of fiscal spending. Furthermore, they emphasize the very high level of coordination between the two groups, inasmuch as they are determined to take advantage of the continuity existing between the two governments, unheard-of in the time of Radical administrations.

Consequently, what is most evident is a desire to find solutions to problems (those which are contingent and others), based on the most opportune moment for doing so rather than to act on the premise that if this government does not do it, the next one will.

From this perspective, differences in focus basically stem from developments in the international economy and their effect on the domestic economy, as well as the difference that the country will experience between the two governments.

While Aylwin had to be concerned with generating national political consensuses and laying the foundations for trust within the existing economic system, and at the same time win the trust of businessmen, the succeeding coalition government inherits these important assets that must become a spearhead for the implementation of a plan for the country.

That is what they believe.

Frei's team sees the country on the brink of a second phase during which there must be a reconciliation with both social and economic consensuses.

One element is indispensable in order for this to happen: stability, the only way of moving down the path of growth. They also believe it will be necessary to modernize government operations in order to make them more efficient and ensure that the money pumped into the social agenda obtains a better return for the cost involved.

They recognize that while this has not been one of the priorities of the current administration, lifestyles and times have changed, rendering such considerations both necessary and plausible.

These goals are auspicious, as are the projects. They claim the country is capable of overcoming extreme poverty by the year 2000, moving into a position from which it will be able to offer productive, well-paying work to young people while at the same time improving the quality of life.

Accomplishing this goal, they claim, will require sustained growth accompanied by a better distribution of income.

Circumstances

For economist Juan Villarzu, the uncertainty that now prevails as a result of the trade balance and the backlash of the international recession has no justification in actual fact. Rather, he thinks, it is due to the collective memory, which associates the drop in the price of copper with a strong domestic recession.

For example, as a result of the scant internationalization of foreign accounts, the dollar has risen more than one would wish.

However, it should be noted, he says, that the export base has been diversified, as have foreign markets, and that our country has some $10 billion in international reserves, a figure that very few countries in the world—not even the most highly developed among them—can match.

The international recession has had a delayed effect and has mainly affected the value and volume of exports.

Within such a context, one would be justified in anticipating a trade balance deficit amounting to some $500-$600 million for the year and a current accounts deficit exceeding 5 percent of the GNP, roughly $2 billion. Such a sum can be financed easily by capital revenue, Villarzu believes, and practically without touching reserves. He says the situation is not worrisome because it is eminently transitory and does not result from structural problems.

Herein lies the difference with other periods. What is more, Villarzu notes, reserves are up for this period of the year. All in all, however, the current situation will probably continue without major change until mid-1994, despite the promise of improvement in the international economy. In other words, just as there was a delay in the recession, the recovery will also take time.

Concerning the dollar, Villarzu believes the market will probably "calm down" and that the value of the national currency will stabilize. He projects growth of 6.5 to 7 percent this year and 5 percent for next year, a figure he considers good.

When asked about the highly controversial growth in total spending, he said it rose more than the GNP during the first quarter, but that it will tend to slow down. It should also be noted that a substantial portion of such spending is associated with investment.

Given such a context, he foresees a smooth 1994, although careful handling of the economy will still be necessary, with slower growth in public spending.

Moving beyond the matter of the most immediate economic projections, the Frei team has outlined four tasks for the next coalition government.

The first is to guarantee stability; the second, to invest in people; the third, to expand the country's international presence; and the fourth and last, to improve the infrastructure and the environment.

On the first point, the commitment to stability will depend upon creating the conditions making it possible to guarantee a fiscal policy that will lead to a sustained increase in saving, public as well as private.

If such an increase is obtained, Villarzu says, progress will be made in terms of controlling inflation, financing will be generated for investment, and the level of the rate of exchange will be maintained.

It must be recognized that in an economy such as ours, the only policy over which any control at all can be exercised is fiscal. For that very reason, growth in spending must be compatible with stability and with maintaining the real exchange rate.

As a result, at a recent meeting with businessmen, Frei proposed limiting any growth in public spending to the rate of growth of the economy, as well as curtailing private spending because the latter creates imbalances and tension when it is excessive.

The idea is, therefore, not only to cut government spending, but to keep a close watch on overall spending as well. The candidate's proposal does not mean reducing fiscal spending, but ensuring that it rises at a lower rate than the GNP.

Villarzu believes it is necessary to maintain the current tax burden, measured as a percentage of income of the GNP, a figure currently running at roughly 19 percent. This does not mean not touching existing reserves, but rather, introducing changes in the system so as to

encourage saving on the part of individuals and business alike insofar as that relationship is maintained.

In addition, Frei's economic team is considering a formula that would make it possible to replace the so-called "complementary overall tax" with a tax on spending.

Inasmuch as they are starting from a fiscal surplus, if growth in public spending is limited to expansion of the potential GNP and if it is accompanied by an increase in private saving, then it will result in the best guarantee for maintaining the rate of exchange for exporters.

In addition, within such a framework, medium-range inflation should match the international figure.

Such limits on public and private spending must be mutually agreeable to the various protagonists. Villarzu states that economic officials are prepared to define a legal framework supporting these agreements, which could include the stipulation, for example, that any change in tax levels would require a qualified quorum law similar to regulations placed on levels of fiscal spending.

Stabilization Fund

The economic experts have also given thought to the possibility of setting up a so-called "Stabilization Fund" similar to those for copper and fuels and whose purpose would be to permit the necessary flexibility, based on transitory economic circumstances, to avoid putting the economy in a straitjacket.

The idea is to have the reform include mechanisms for creating specific temporary taxes limited in time as a way to check consumer excesses, for example. Furthermore, funds built up during so-called "tax bonanzas" could be utilized during slow periods to activate recovery and job stimulus policies that would nevertheless be governed by maximum sums and time limits.

This proposal could halt once and for all any discussion about the size of government, leaving it as it is and setting to work to design a tax system to support savings, placing limits on growth in public spending and creating a fund making it possible to deal with economic cycles in a better way.

Given such a national consensus, it would be possible to maintain a stable fiscal policy which, backed by an autonomous Central Bank, would be the best guarantee for promoting policies of sustained growth in the country.

Some claim that such proposals are absurd because what the Frei team is reportedly doing is binding itself hand and foot. Villarzu, nevertheless, maintains that providing the country with an economic framework such as the one described will result in great freedom insofar as it will reflect a major political-social accord enabling economic officials to concentrate on the issue of productivity, and thus enable the country to reach the year 2000 with a different framework of development.

It would also help change the context of petitions from the various protagonists because the contours of fiscal movement would be very well-defined.

Human Resources

The second major task set by the Frei team is to invest in people. Officials are convinced that the key to success in competing on international markets in the next century will be closely related to the quality of human resources.

They claim it will be even more decisive than resources or the level of labor costs or potential access to technology or capital.

The key is, therefore, how to maximize a country's capacity to create and innovate. Such ideas necessarily depend on a high level of national health, adequate education, training programs, and access to opportunities for development, particularly for small and medium-size businesses.

The third task is to expand Chile's international presence. If we truly want to achieve the goal of going from the current figure of $10 billion to $30 billion in exports in constant dollars by the end of the century, then we must continue to increase our nation's presence on world markets.

Within such a framework, the first major challenge is to determine how to open up new markets and expand existing markets. Doing so will require the combined efforts of government and the private sector and a joint definition of priorities.

In addition, specific tasks must be outlined, along with areas of concentration. This will be a systematic task depending upon changes in relationships within businesses and involving everyone. We must create an awareness that not only do products compete, but so do roads, ports, transport workers, and so on.

The country as a whole must project itself internationally.

The last major task will be to improve the infrastructure and the environment. Since there is a general awareness that the government will not be able to accomplish everything in this area, increased emphasis must be placed on projects including the private sector, particularly through concessions.

The figures speak for themselves: Scarcely 15 percent of the country's 80,000 square km of roads, a scant 12,000 km, are paved. Only some 500 km are added to this figure every year.

In Santiago alone, more than 700 km of the streets are unpaved, which contributes to smog levels.

As if that were not enough, the export sector wastes some $370 million a year on normal wear on transport vehicles due to smog, almost the equivalent of a tax reform.

Such circumstances generate many ideas, many of which face a political image problem. For example, no one intends to privatize businesses in order to finance social programs, but it would be different, economists working with the team say, to mention the possibility of privatizing Emos in exchange for the desperately needed waste water treatment plants.

In addition to the tasks noted, the team wants to increase productivity and returns on public investments, including in the social area. Making the government more efficient and modern is apparently their motto.

The message running through the program is that the time of joint challenges facing the public and private sectors has come, which is precisely why the good relations that Frei claims to maintain with businessmen are so significant, in addition to the fact that most of the advisers working with him come from the private sector.

The foundation—credibility—exists, and the main needs and the way to approach them have been outlined. Success will depend on whether the next coalition government is capable of achieving the economic and social consensus that it proposed.

* Seminar Held on Country's Crime Problems

93SM0296A Santiago EL MERCURIO in Spanish 25 May 93 p C9

[Text] Last evening, the Citizens' Peace Foundation sponsored a seminar on the subject of the results of the CEP [Center for Political Studies]-Adimark poll conducted in March on problems of public security. It was attended by the presidents of the Senate, Gabriel Valdes, and the Chamber of Deputies, Jose Antonio Viera-Gallo.

Foundation President Agustin Edwards welcomed legislative, judicial, government, and communal officials, emphasizing that the purpose of the seminar was to publicize the public's perception of problems of law and order, one of the main social concerns of recent years.

Also attending the seminar were: the mayor of the metropolitan region, Luis Pareto; the head of the Santiago Military Garrison, General Guido Riquelme; UDI [Independent Democratic Union] Senators Beltran Urenda and Eugenio Cantuarias; Chief Justice of the Supreme Court Guillermo Navas; Santiago Appeals Court Judge Milton Juica; the head of the General Inspectorship of Carabineros, General Sergio Lutgens, the former general and deputy director of Carabineros, Gabriel Ormeno; and the mayors of Las Condes, Joaquin Lavin; Vitacura, Miguel Allamand; and Providencia, Carmen Grez. Other municipal and military officials were also present.

The public opinion poll in question was conducted in Osorno in March of this year. Reporting the most important results was the responsibility of Roberto Mendez, director of Adimark and a member of the Citizens' Peace Foundation Advisory Council.

Following the scheduled speeches, Senate President Gabriel Valdes noted that the poll's results revealed the existence of a very real fear of crime in the country.

He added that the Chilean people also demonstrated an attitudinal problem toward the overall problem of law and order, manifested by the fact that, in extreme circumstances, the Carabineros were usually called in. It is therefore necessary, he said, to develop a new and different policy aimed at achieving a closer relationship between the community and police in the respective jurisdictions.

Valdes illustrated the point by drawing upon what he has observed in smaller communities in the south, where residents and the police are in close touch, resulting in more human rather than merely "formal" relations. He feels that this is the example to follow in large urban areas, where the prevailing pattern of "individualism" should be broken.

Speaking next, Chamber of Deputies President Jose Antonio Viera-Gallo said that in the lower-income areas that he visits as a member of the legislative body, he has observed a need for a stepped-up police presence because such areas are more exposed to various kinds of crime.

He, nevertheless, observed that, "paradoxically enough, and perhaps because of the experience of past years, sufficient trust has not yet been restored between civilians, particularly young people, and the Carabineros." He noted that this remains an area where much work must be done with the various community organizations and the police institution itself "in order to produce precisely that trust and a rapprochement."

One fact emerging from the survey is that for 59 percent of those polled, there is more crime today than there was a year ago, while for 28 percent it remains the same. Only 13 percent say crime has dropped. In terms of types of crime, 76 percent say it is more violent, while 16 percent think it is the same and only eight percent say it is less violent.

In a retrospective analysis, the study reveals that when asked to set priorities among issues to be considered by the government, our citizens' concern about crime rose sharply between December 1989 and March 1990, rising roughly from 17 to 40 percent during that period. Another marked increase occurred from June 1990 to March 1991, with the figure approaching 65 percent during the third quarter of 1991.

The trend then stabilizes at around 60 percent and drops to approximately 53 percent in December 1992, again rising to 60 percent on the most recent poll in March.

When asked under what circumstances they fear being attacked or robbed the most, the great majority (63.6 percent) say it would probably happen downtown. A similar proportion (63.1 percent) indicates that such incidents occur "when one returns home at dark." Some 57.4 percent say they are afraid when they leave home

for work or school, while 31.8 percent admit they fear having their homes broken into at night.

As a result, 56.5 of those polled admit they have taken increased security measures at home and have stopped going out after a certain hour. Another 46.3 percent say there are places to which they no longer go, 43.2 percent have arranged with neighbors to help one another, and 4.4 percent admit they have purchased weapons. An analysis of the latter point reveals that 61.2 percent believe that only in very special cases should private parties be allowed to use firearms, compared with 53.9 percent in 1991. Some 24.8 percent believe the use of firearms by private parties should be outlawed, a drop from the 29.7-percent figure recorded in 1991, while 13.8 percent believe that anyone should have the right to use a weapon, down from the 16.2 percent registered two years ago.

When asked to rate the performance of the Carabineros, the CEP-Adimark study reveals that 59 percent of those polled think the institution helps them, compared with 31 percent of the opposite opinion and another 11 percent who either do not respond or do not know. This is in keeping with the 67.5-percent positive rating of the General Directorate of Carabineros' performance in fighting crime, compared with the lower 61.9-percent rating of the president and the 60.7-percent score given to the director of investigations.

Nevertheless, some 43.3 percent say they are dissatisfied with police protection in their neighborhood. Only 37.2 percent say they are satisfied, while 19.5 percent say they are "somewhat" satisfied.

Mendez noted in his presentation that, based on the poll's results, the crime problem cannot be explained by political factors alone.

Comments

Following Mendez's report, comments were made by Hugo Fruhling, investigator and coordinator for the Domestic Law and Order area of the Center for Developmental Studies (CED), and Eugenio Guzman, analyst for the Freedom and Development Institute's political and institutional program.

Guzman said the fight against crime requires specific incentives in three areas: kinds of sentencing (not necessarily stiffer), the likelihood of catching perpetrators, and the actual serving of the sentence meted out to the author of the crime. He said it is a basic "trilogy" for an aggressive approach to the issue consisting of raising the "price" of crime.

Fruhling signaled, however, that the perception of the issue of crime as revealed by the poll may be different from what is actually the case. He, nevertheless, went on to indicate that certain clear conclusions, such as the citizens' confidence in their police, provided a very positive basis from which to confront the problem created by crime.

Colombia

President Supports People's Militia Demobilization

PA2906152893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 29 Jun 93

[Text] President Gaviria expressed his support of the demobilization process of the People's Militias of Medellin and confirmed that the Prosecutor General's Office is looking for the legal mechanisms to serve this purpose. The president participated in a tour of Antioquia on 28 June.

During a very tight nine-hour agenda, the president achieved the following: inaugurated a coffee branch [troncal del cafe] in Bolivar City, expressed his support of the coffee growers, inaugurated a power plant in (Niquia) that will generate 21,000 kilowatts, signed an agreement with Inurbe [expansion not known], inaugurated a health center, attended the graduation ceremonies of the Cooperative University of Colombia, participated in a cavalcade, received the El Carriel award [not further identified], and welcomed those who—as in the case of the militias—want to give up violent actions. Here is what President Gaviria said:

[Begin Gaviria recording] The government, the Medellin mayor, and the Prosecutor General's Office are looking for legal mechanisms to meet the requirements for a cessation of violent practices by the People's Militias of Medellin members. [end recording]

Military To Maintain Pressure on Pablo Escobar

PA3006233493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 30 Jun 93

[Text] The military leadership that attended the swearing-in ceremony of the new deputy defense minister said that the persecution against Pablo Escobar is not over. While the government and the Prosecutor General's Office are engaged in contacts with Pablo Escobar's lawyers to pave the way for his surrender, the Army announced it will send more men to Medellin to reinforce the search team. This was stated a few minutes ago by General Ramon Gil Bermudez, Armed Forces commander in chief. Here is what General Gil Bermudez said:

[Begin Gil Bermudez recording] Everyday we are prepared to carry to the operations that may be necessary and, in addition, to step them up to obtain the results in the fields in which we are currently engaged. [end recording]

The Armed Forces commander in chief said that if Escobar surrenders, it is due to the search team's pressure. What is more, he said that once the capo is in jail, the operations will continue against his lieutenants and against the men from the Cali Cartel.

Pepes Says Pablo Escobar Misinforming Government

PA3006232893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 30 Jun 93

[Text] The Persecuted by Pablo Escobar [Pepes] group accuses Pablo Escobar of sending communiques in their name. According to the Pepes, the intention is to misinform and confuse the national government. The Pepes assures that Escobar Gaviria will attempt to appear as a martyr to the public. In a communique, the Pepes insists on stressing that their organization no longer exists, as they consider they have met their goal, that is: reduce Escobar and his organization's operational capacity.

* De la Calle Views Samper, Campaign Issues

93SM0299A Santa Fe de Bogota EL TEMPO in Spanish 31 May 93 p 7A

[Unattributed article on interview with Liberal Party presidential aspirant Humberto de la Calle Lombana; date and place not given]

[Text] Much of his strength lies in his use of language. He is very articulate: an adjective here, emphasis on a phrase there, and a metaphor as a finishing touch. His carefully chosen words quickly made him a prominent figure in the Constitutional Assembly, when shortly before he had been an unknown.

As the by now long and monotonous presidential campaign wears on, Humberto de la Calle Lombana has been gaining something that he lacked when he left the Ministry of Government and joined the battle for the presidency: aggressiveness in his remarks and the necessary spice of verbal duels with his rivals.

Has he ever! In an interview with EL TIEMPO he went right after the "1993 model Ernesto Samper."

"These are cosmetic changes, like a race car that is decorated for a competition but has the same engine," he said about Samper's proposal to "have it out with" bossism.

And he is skeptical about Samper's statement that he will not accept support from people of dubious conduct. This is a truism, De la Calle noted. "If a person has been convicted, you are obviously going to say that you are going to toss him out of your movement."

New Paint Job

Moreover, "is he going to be able to convince the country that he is a new Samper? Is his new exterior and paint job enough to make people believe him? Time will tell," he remarked with a distinctly skeptical smile.

De la Calle already has his campaign team ready, as well as his media strategy, and, for good measure, the site of his campaign headquarters. It will be on 100th Street and 15th Avenue.

Although he is keeping his strategy confidential and says that it will contain some surprises, it rests on a clearly defined target: the vote of independents.

The reason is that, in his judgment, the electoral ground rules have been stood on their head. "The electoral scenario is unprecedented, with a vice president and two rounds. Given this scenario, the Liberal Party can win only if its candidate is backed by independents."

And Samper is not such a candidate, because he feels that he is closely tied to the political class.

And what about the primary and the winds of crisis with the announcement by three hopefuls, Carlos Lemos, Enrique Parejo, and Rodolfo Gonzalez, that they will not run in it?

He voices his opinion straightforwardly. Those candidates do not have a chance. "The individuals who want to drop out of the primary are doing so because things are going bad for them. I think that Dr. Lemos made this decision because he is losing more and more support every day."

The fact that he does not have much congressional support does not bother him because "when all is said and done, the primary will be decided by a completely independent electorate, ballot in hand."

The Thread of Corruption

One of the banners behind which he is running his campaign from various trenches is the struggle against corruption. Another is the charges that the administration is partial to certain candidates.

"Do you think that the administration is corrupt?" he was asked, since politically speaking he is a direct descendant of the administration.

"I do not think so. I do not find corrupt attitudes among senior government officials. There is administrative corruption among officials, who must answer personally for their misdeeds. I think that in this case we should not generalize," he replied.

With regard to the controversial case of Colfuturo, the agency that is in the eye of the storm, the presidential hopeful said: "Although I do not know the details, because it was not a program that was connected with my administrative tenure (in the Government Ministry), I find that what is being discussed is a legal problem concerning the authority of boards of directors and public officials to make contributions to an agency whose legal status is under discussion. I trust that the authorities are going to clarify this issue soon."

De la Calle is equally cautious, yet no less emphatic, when talking about his apparent disadvantage vis-a-vis Samper as far as representation in the administration is concerned.

"I do not think that the administration engages in patronage. I think that the president wants to be neutral, but there are officials of various ranks who have said publicly that they belong to what they call the Samper faction. These officials ought to tell the country that in spite of their political preferences, they are not going to use their power tc help one or another candidate."

In a Few Words

Just as he can manipulate language with ease and amplify on a response to fill it with details, De la Calle can also be concise, meeting the challenge of summarizing his views on various national issues by speaking almost in headlines.

Law and order: "First, do not flag in bolstering government action against terrorism and subversion. And not just in the armed response but in the legal response as well. We have to keep on debating the states of emergency. Second, the battle must be fought within the law, for ethical and practical reasons. And third, I do not think that the dialogue is the only dilemma facing Colombian society. Only one-fifth of the crimes committed in Colombia are attributed to the guerrillas. The scope of crime extends much further. I am not ruling out a dialogue, if the guerrillas are the ones who suspend hostilities."

Legalize drugs? The issue is an interesting one, as it raises many questions in the international context. "Colombia," De la Calle says, "should undertake an empirical study of the impact of legalization. It is true that mankind's policy has failed. The issue is being dealt with in a black-and-white, inequitable way. But legalization as a unilateral decision is a disaster. It would turn Colombia into a den of drug traffickers."

There is another fundamental issue facing the country, one that the campaign has focused on recently: How to create more jobs? What about the unemployment rate in the country?

"The unemployment numbers last year were relatively low for the Colombian economy. But this is not a sufficient answer. What do we gain by saying that only 9.8 percent of the work force is unemployed, when for a jobless person the rate is 100 percent? The first thing is to make the economic ground rules stable. I will work on specific problems. Unemployment among women is 18 percent, for example. We have to create programs around small business and education in science and technology. We can also establish tax breaks for businessmen who create jobs for women, for example."

He will keep on putting together new proposals on these issues. But at the same time he will continue to seek out his opponents' weaknesses, especially now that, as he himself says, the Liberal Party has become polarized between Humberto de la Calle and Ernesto Samper.

Ecuador

Duran-Ballen on Rejoining OPEC, Modernization

PA3006191293 Quito Voz de los Andes in Spanish 2300 GMT 29 Jun 93

[Text] President Sixto Duran-Ballen has stated that the Ecuadoran Government is studying the possibility of rejoining OPEC, but that it has to pay its back dues.

[Begin recording] [Duran-Ballen] We first have to talk about the large amounts owed by Ecuador, as we have not paid dues in several years. Once this matter is solved—it is a prerequisite for any type of action in favor or against reentering OPEC—we could continue the procedures.

[Unidentified reporter] Is Ecuador able to pay those back dues at this time?

[Duran-Ballen] Not at this time. I believe we have much more pressing needs.

[Unidentified reporter] Will the ministers of industry and social welfare...

[Duran-Ballen, interrupting] No, any other change will be made when I get back.

[Reporter] In social welfare too?

[Duran-Ballen] Yes. Two new ministers were sworn in on 28 June. There will be no more changes until I get back.

[Reporter] What have you to say about Dr. Pablo Lucio Paredes' [former Secretary of Planning of the National Development Council] criticism? He says the government has not allowed the modernization process to advance more expeditiously.

[Duran-Ballen] I believe there are many other reasons the modernization process has not advanced more expeditiously.

One example is a matter that has nothing to do with the Executive Branch: the law. We cannot start the modernization process if we do not have the corresponding law. We can only do so in areas that have regulations allowing for the changes. Those regulations, however, are restrictive. If we did not need a law, it would have been unnecessary to send the bill to Congress which, as we have seen, has merited so much debate.

In regard to the observations made by my friend, Pablo Lucio Paredes, those are his personal opinions but there are many other reasons for the delay.

[Reporter] Do you accept his statements on the modernization process?

[Duran-Ballen] No, I believe that in a democratic country we have to accept different opinions.

[Reporter] [Question indistinct]

[Duran-Ballen] No, I am a good friend of Dr. Pablo Lucio Paredes, to the point that I have even told him that I will call him back to the team at any time.

[Reporter] [Question indistinct]

[Duran-Ballen] You would have to ask him about that. I cannot read a person's mind and evaluate his observations. [end recording]

President Swears In Health Minister, Secretary

PA2906160293 Quito Voz de los Andes in Spanish 2300 GMT 28 Jun 93

[Text] On 28 June, President Sixto Duran-Ballen swore in two new public officials and announced a one-day delay for an unofficial 62-hour visit to the United States, which was due to begin on 30 June.

The president swore in Public Health Minister Patricio Abad Herrera to replace Leonardo Viteri and also swore in Galo Abril, secretary of Planning of the National Development Council, to replace Pablo Lucio Paredes.

On 30 June, Duran-Ballen will attend in Quito the America Cup soccer semifinals between Ecuador and Mexico and on 1 July will travel to Washington for a medical checkup and to meet with leaders of the international financial organizations.

New Oil Deposits Noted in Amazon Region

PA0107003393 Quito Voz de los Andes in Spanish 1200 GMT 30 Jun 93

[Text] The Ecuadoran State Petroleum Enterprise, Petroecuador, has announced the discovery by Petro Production [Petro Produccion] of new oil deposits which will increase Ecuadoran oil reserves by 1 billion barrels. The deposits comprise the Tiputini, Espingo, and Tambococha oil fields, and are located in an area 50 km long and 4 km wide.

The crude oil found in these oil fields has an American Petroleum Institute, API, grade of 17, which reinforces the theory of experts who have predicted that heavier crude would be discovered in Ecuador in the future. The new oil deposits are located between 4,000 and 5,550 feet deep in the so-called cretactic layers in the central-south Amazon Region.

Paraguay

Editorial Chides President Clinton for Iraqi Attack

PY3006195793 Asuncion ABC COLOR in Spanish 30 Jun 93 p 14

[Editorial: "President Clinton Incorrectly Chose the Use of Force"]

[Text] On 27 June, vessels of the U.S. Navy fired missiles at Iraqi intelligence service installations in Baghdad. Most of the missiles presumably hit their target, but at least three hit residential areas.

The decision to launch the attack was made by the brand new president of the United States, Bill Clinton, who explained that it was a reaction against the aborted attack that Iraq presumably organized against former President George Bush during his visit to Kuwait in April. President Clinton maintained that "the United States will do everything possible to combat terrorism." It is also presupposed that the attack was meant to warn the Iraqi people not to support Saddam Husayn, to dissuade Husayn from continuing the state of agitation in his country and, to a certain extent, to stop him from goading the Arab world against the United States and the West.

Mr. Clinton has so far not had a very happy run in the presidency of his country. One of the most common criticisms currently being made refers to his ability to make decisions on important matters.

According to polls published in U.S. publications, his popularity, four months after assuming the presidency, is much lower than that of any other U.S. president for the same period, at least since World War II. Therefore, it is not improbable that the ordering the attack against Baghdad sought to change that opinion about making difficult decisions.

Even if the Iraqi Government did organize an attack on former President Bush in January [month as published], the untimeliness and the type of answer are eye-catching. When a U.S. citizen on the street was suddenly asked about it by a television network, he gave an accurate answer. He said: "We do not fire missiles at other countries." This answer condenses the self-esteem the United States has of itself and transmits to many other countries.

The fight against terrorism is most probably the most difficult of all fights. Those who fight terrorism cannot use the methods used by the terrorists without harming, most probably irreparably, the same civilized values that need to be defended. Coming down to brass tacks, "dirty wars," which terrorists may lose in the military field, have no victors. One cannot capitulate to terrorism, but equally one cannot use the same methods. If so, where is the difference?

The option to use force chosen by President Clinton may not indicate the end of the Iraqi problem, but it may indicate a new beginning. At the very least it was an extremely imprudent action that could very well promote more terrorism, which, in turn, could lead to more reprisals. Once the spiral of violence has been started it can become infinite. Manuel Gondra [former Paraguayan president, writer, and politician] more than hit the nail on the head when he said: If it is not possible to make the just person strong, then we must try to get the strong person to be just.

Minister Scavone Says Foreign Resources Necessary To Grow

PY3006160593 Asuncion ABC COLOR in Spanish 27 Jun 93 Economy Supplement, p 5

[Text] Industry and Commerce Minister Ubaldo Scavone has stated that there is no other alternative right now than to obtain foreign loans because domestic financial resources are expensive and insufficient to cover medium- and long-term investments.

Asked if he did not consider a series of foreign loans would unnecessarily increase the country's foreign debt, Scavone answered: "We must incur debts if we are to carry out development projects that will generate enough resources to return the loans at the set deadlines and leave us a surplus that will contribute to our domestic savings. Moreover, most foreign loans will be earmarked for the private sector."

Diagnosing the current situation, Minister Scavone said that under these conditions it is impossible to obtain long-term credits at low interest rates. The recent political excitement the country experienced provoked a certain uncertainty which, in turn discouraged the granting of loans, either in guaranies or dollars.

Scavone was optimistic that foreign investments will be obtained through the Inter-American Development Bank, the World Bank, credit lines from friendly countries, and resources obtained from the capital markets.

He added: "We will have private investments and investments by organizations of other countries that are interested in purchasing debt papers, like shares offered on the stock market. These investments will generate the resources we need to contribute to the growth of the productive sector and create job opportunities."

When asked whether these resources would lower interest rates, he stated that the price is set by the market. It cannot be subsidized, he said, because the state, in one way or other, would have to cover this subsidy.

Scavone said: "The only way to lower the cost of loans is to find an alternative to the legal reserves, which is a very high passive cost paid by financial enterprises, that will allow interest rates to remain within two or three points of the inflation rate. Another factor that increases the cost of money is its administrative cost and the banks' spread [preceding word in English]."

On the possibility that the Central Bank may become autonomous—within the guidelines of the next government's economic policy—Scavone asserted that a consensus has still not been reached regarding the Central Bank's organic chart, the key issue to the financial reform.

Scavone concluded: "The ministry has proposed a tool that adjusts to the need to finance development. To some extent, the Central Bank agrees with what the government desires in the economic field, not technically, but rather in terms of the country's overall economic policy."

Despite Opposition, Lower House Passes Armed Forces Bill

PY3006035893 Asuncion ULTIMA HORA in Spanish 29 Jun 93 p 5

[Text] Pro-government deputies this morning again delivered a "master's coup" when they achieved, with a minimum quorum in the Chamber of Deputies, approval of a bill on the reorganization of the Paraguayan Armed Forces.

Not even the walk-out of the Authentic Radical Liberal Party [PLRA] bloc, various Argana faction deputies, and Febrerista Revolutionary Party deputies was able to prevent the Colorado Party deputies from discussing the controversial bill in a Chamber of Deputies plenary. When the plenary reached the appropriate point on the order of the day, Colorado Party Deputy Victor Hugo Sanchez, chairman of the committee involved in passing judgment on the armed forces bill, said that in light of the people's stubborn opposition to this bill, it should be discussed at a later time. Sanchez then left the session. For his part, PLRA bloc leader Adalberto Mongelos also noted that his bloc would not lend itself to conducting a superficial review. After Mongelos' remark, the PLRA deputies also walked out of the meeting.

Seifart's "Precise" Presence

After an adjournment, the pro-government deputies managed to "reinstate" the quorum in the Chamber of Deputies when, as had already happened when the bill on the Council for Magistrates was approved, Deputy Angel Roberto Seifart especially appeared.

The bill establishes the duties of the Military Forces commander as a novelty in the Armed Forces chain of command. This substantially reduces the number of units that will be under the commander in chief's direct command.

Council of Magistrates Bill Approved; Opposition Walks Out

PY3006203393 Asuncion ABC COLOR in Spanish 30 Jun 93 p 8

[Excerpts] The controversial bill regulating the Council of Magistrates was approved by the Senate yesterday. The votes of Colorado Party members, who control the Senate, made the approval possible. The opposition again resorted to the extreme measure of walking out of the auditorium to show their disapproval with Colorado Party members who did not listen to the opposition's arguments stating that the bill should be treated by the new Congress [which will be installed on 1 July and where the opposition has the majority]. The Council of Magistrates is the body responsible for selecting judges. [passage omitted]

The bill already had been passed by the Chamber of Deputies and was definitively approved by the Senate yesterday. The bill now will be sent to the executive branch for promulgation. [passage omitted]

Cultural Cooperation Agreement Signed With Germany

PY3006140093 Asuncion NOTICIAS in Spanish 24 Jun 93 p 34

[Excerpts] The Republic of Paraguay and the unified Republic of Germany signed a cultural cooperation agreement at the Foreign Ministry yesterday. The ceremony was attended by national authorities and German representatives.

The agreement was signed by Paraguayan Foreign Minister Alexis Frutos Vaesken and German Ambassador to Paraguay Heinz Schneppen. [passage omitted]

The German ambassador said that the agreement "will provide a political and juridical framework" for cultural exchange. Schneppen said: "The agreement commits the signatories to cooperate, to foster, and to improve the awareness of both cultures. The agreement seeks to help and promote the foundation of cultural and educational installations, to intensify exchanges in the scientific and educational fields, to make available scholarships for the beginning and continuation of specialized studies, to improve the knowledge of each country's literature, film, radio, and other related topics, and to promote the exchange of youngsters and sports activities."

Peru

Police Commander on Identification of Shining Path Cadres

PA2906193193 Lima Global de Television Network in Spanish 0100 GMT 29 Jun 93

[Text] Shining Path cadres have been fully identified and are being investigated by the National Counterterrorism Directorate [Dincote], National Police Director Victor Alva Plasencia stated.

[Begin recording] [Alva] Dincote and other units are investigating. We will reveal more specific information as soon as it is available.

[Unidentified reporter] Are reports that a woman is now the Shining Path leader speculation?

[Alva] No, as you know, women leaders of this movement at various levels were also arrested. We have not yet determined, however, whether one of them is the leader.

[Reporter] Is Abimael Guzman's successor male or female?

[Alva] We have not yet determined that.

[Reporter] What about reports that Julio Cesar Mezzich is operating in Ancash?

[Alva] There has been much talk about Mezzich. The truth is we have heard nothing about him for a long time. The reports you refer to are also speculation.

[Reporter] Have you lost trace of him?

[Alva] We have no specific information about him.

[Reporter] Is that possibility ruled out?

[Alva] No possibility should be ruled out. The investigations will in the end yield the facts.

[Reporter] The cadres have been identified?

[Alva] Several of them were identified and they are being investigated at the national level. [end recording]

Role of Women in Shining Path Leadership Discussed

PY3006203093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1543 GMT 30 Jun 93

[By Fernando Barrantes]

[Text] Lima, 30 Jun (AFP-NA)—Fifty-six percent of the Shining Path's leadership is made up of women, that is, more women than men, according to Peruvian police, who have disseminated a new video of the Central Committee members, all dressed totally in black, during a 1987 Congress.

The entire Shining Path leadership that, according to Peruvian authorities, was "mortally" wounded after the arrest of leader Abimael Guzman in September 1992 has managed to gather to name one its leaders as national coordinator and a collegiate presidency comprising four members.

"This happened eight months after Guzman was captured," stated President Alberto Fujimori on 29 June, who made light of the issue and urged the people to rest assured because the Shining Path will be defeated.

Police believe Teresa Durand Araujo de Morote, aka Doris, 47, is national coordinator and belongs to the collegiate presidency together with Julio Cesar Mezzich; Alberto Ramirez Durand, aka Feliciano; and Margie Clavo Peralta, aka Nancy, who replaces Shining Path leader Guzman.

The Shining Path leaders are known because they themselves filmed their Central Committee members elected during the 1987 Congress. This video, together with other documents, later reached police, uncovering all its members as well as the leadership's habit of dressing totally in black.

A new portion of this video was exhibited by Peruvian television to show the new Shining Path leader in Lima, Jenny Rodriguez Mata, 38, who probably is the new fifth

highest-ranking leader of the organization. Two well-known terrorist leaders, Ostap Morote and Edmundo Cox, are under her command.

The entire group of Shining Path leaders appears in the new portion of the video holding a meeting under Guzman's order in a Lima mansion. The leader stands up and everybody follows suit, "as if it were black magic."

In this Congress, 56 percent of the Shining Path Central Committee (19) members, "elected by Guzman according to their merits," are women.

Police say it has arrested 15 top leaders from this Congress, 10 of whom are women, some of them replacements, but does not mention leaders Angelica Salas, Judith Ramos, and Emma Saavedra, who held a privileged post before Guzman was arrested.

Nor is Catalina Adrianzen mentioned. She was one of the organization's founders and author of a study on women that contributed to the fact that Guzman included them in high-ranking leadership posts.

Police have detected a woman with a very strong character: Teresa Durand, who led the initial guerrilla effort in Ancash (northern Peru) during 1980-82. She then went to Ayacucho, in the southeastern Andean region and birthplace of the organization, where she was the region's Shining Path leader.

Durand, "Guzman's right hand, who could even remove leaders when they got together," was the Shining Path's military leader when Guzman was arrested.

Various studies by Peruvian attorneys, psychologists, and sociologists on the Shining Path's feminine profile attribute it to the fact: "The women decide to join the armed struggle because they have abandoned their family, remained unmarried, and refused to become a mother when they have found a spouse."

"The Shining Path's female members, as a rule, appear to be bolder in armed actions than the male members" but they also are privileged because they have university degrees, while most of the men have not even finished school, according to the studies.

Teresa Durand is a sociologist, she has engaged her two children in the armed struggle, and she could revive, together with former medical student Julio Cesar Mezzich, the Shining Path's guerrilla experience.

These two Shining Path leaders have been detected in northern Peru while Clavo and Ramirez, the other two members of the "foursome," in southeastern Peru.

President Fujimori on 29 June, in referring to Teresa Durand, said that "a lot is said about this women but she does not have the capacity to reorganize the Shining Path," and once again stated that it will be defeated in 1995." [quotation marks as received]

CCD Gives Carlos Torres y Torres Vote of Confidence

PA0107041993 Lima Panamericana de Television Network in Spanish 1200 GMT 30 Jun 93

[Excerpt] The ruling majority in the Democratic Constituent Congress [CCD] Constitution Commission has approved a vote of confidence for Commission Chairman Carlos Torres y Torres Lara following a difficult session. The opposition left the premises as a form of protest for the action.

The reading of the controversial document reporting the meeting held by the CCD directorate board on 26 June did not satisfy the opposition, particularly when it was confirmed [CCD President] Jaime Yoshiyama and Carlos Torres y Torres Lara had agreed to issue the letter correcting an incorrect report published by a local newspaper. [passage omitted]

Congress President, Ministers Meet With French Investors

PA2506180693 Lima Global de Television Network in Spanish 0100 GMT 24 Jun 93

[Text] Democratic Constituent Congress [CCD] President Jaime Yoshiyama, Industry Minister Alfonso Bustamante, and Private Investment Promotion Commission President Carlos Montoya met with a group of French businessmen at French Ambassador (Camille Rohou's) residence to discuss investment possibilities in Peru.

The high-ranking Peruvian officials explained which state enterprises are being privatized, the regulations governing the privatization process, and overall investment possibilities.

French Ambassador (Rohou) noted that French businessmen are quite interested in investing in Peru.

[Begin recording] [(Rohou)] We have made two investments in Peru this year; one in the mining and the other in fisheries. We are also interested in the privatization of utilities such as water, electricity, crude oil, and telecommunications. [end recording]

[Yoshiyama] Peru is actually one of the most attractive countries for foreign investment, probably as a result of the economic stabilization process, structural reforms, and the modern constitution we plan to promulgate on 28 July. But above all it is because we have been able to solve the terrorism problem in Peru. [end recording]

Uruguay

Foreign Minister Denies Condor Missiles Hidden in Uruguay

PY3006135893 Buenos Aires TELAM in Spanish 0249 GMT 30 Jun 93

[Text] Montevideo, 29 Jun (TELAM-SNI)—It was announced today in Montevideo that Uruguayan Foreign Minister Sergio Abreu today denied reports in the Argentine and local media of the existence of Condor-2 missiles in this country.

The German news agency DPA reports that Abreu said the Uruguayan Government and military chiefs know nothing about the controversial Condor Program that the Argentine Air Force has been implementing since 1979.

The reports from Argentina indicate that these missiles were hidden in Uruguay following an agreement between military chiefs of the two countries, and that the materiel includes an "intelligent device" presumably capable of operating atomic warheads.

After President Carlos Menem assumed the presidency it was decided to continue with the development of the arms industry, but on 28 May 1991 the Argentine Government announced the definite dismantling of the missile project.

Spanish Loan for Military Equipment, Environmental Aid

PY2906214493 Montevideo LA MANANA in Spanish 22 Jun 93 p 2

[Text] The Defense Ministry will purchase military equipment for peaceful use once Congress approves the respective agreement with Spain. The agreement was approved yesterday by the respective commission of the Chamber of Deputies.

Nationalist Deputy Alem Garcia (Rocha National Movement) reported at the end of the session that the Spanish Government has granted a $15 million loan to Uruguay in extremely advantageous conditions (20 deferred biannual payments at a very low interest rate) for the purchase of equipment and materials used in servicing the community and protecting the environment.

The agreement includes—among other equipment—materials for the preservation of protected forest areas (Anchorena, San Miguel, and Santa Teresa national parks), special water bombs, and fire fighting equipment.

The agreement also contemplates the technological streamlining of the Military Geographical Service to permit the digitalization of maps, the disposal of magnetically registered information, and the updating of information systems.

The agreement also contemplates the purchase of a fleet of vehicles for community support tasks, for humanitarian purposes (ambulances, etc.) and for preserving the environment in cases of catastrophes. The military engineering unit will acquire road equipment and accessories for supporting the community in adverse situations, for the construction of bridges and shelters for emergency situations, and for environmental protection.

Five Cesium-137 Capsules Lost in Montevideo

PY0107011493 Montevideo Radio El Espectador Network in Spanish 0000 GMT 1 Jul 93

[Text] Five capsules of a radioactive material known as cesium-137 have been lost in Montevideo, for which reason the National Directorate of Nuclear Technology released a communique that states: This afternoon the National Directorate of Nuclear Technology has learned that five capsules of cesium-137 radioactive material were lost either last night or this morning from inside a private car. This material is meant for medical use and belongs to a Montevideo cancer treatment clinic. The lead container is a 15-cm-wide by 20- cm-long cylinder that is very heavy and bound in medical tape. The contents, that is, the radioactive capsules, are some small stainless steel cylinders that measure 3 mm wide by 2 cm long. This material is dangerous and should be handled only by specialized personnel. Therefore, whoever finds this material is urged not to touch or handle it. Immediately inform the National Directorate of Nuclear Technology, telephone number 921629, at any time of the day or night, or the nearest police station.

Venezuela

Defense Minister on Drug Trafficking Investigations

PA2906162393 Caracas Venezolana de Television Network in Spanish 2350 GMT 28 Jun 93

[Text] Defense Minister Radames Munoz Leon feels that the statements made by Colonel Hidalgo Valera Briceno do not represent the feelings of the Venezuelan Armed Forces. The defense minister explained that so far no officer is being investigated for drug trafficking. He added that, unfortunately, Col. Valera Briceno has not presented evidence to support his charges.

[Begin Munoz Leon recording] It is one thing for someone to commit a misdemeanor or a felony or to break established legal procedures, but it is another thing to raise charges. If his charges are valid, the required direct action will be taken. Col. Valera Briceno has not complied with the procedures that are established for this purpose. [end recording]

The defense minister reiterated the announcement he made when he took the oath of office of inviting the self-exiled soldiers to return to the country and legalize

their status. In this manner, he added, we will make progress in the cases, as they cannot be judged in absentia, he explained.

The defense minister pointed out that those military officers are charged with military rebellion and desertion. Nonetheless, when he was asked about the possibility that they will be granted a presidential pardon, he said he will abide by the president's decision.

Group Charges Former Commandos Formed 'Secret Police'

PA2906201393 Caracas Venezolana de Television Network in Spanish 2350 GMT 28 Jun 93

[Text] Former officials from the dissolved Z Group [Grupo Z] of the Metropolitan Police reportedly make up the secret police of Caracas Mayor Aristobulo Isturiz, according to Manuel Garcia, president of the Caracas Decision Group [Decision Caraquena], who pressed charges at the Interior Ministry.

Claiming that the secret police of Mayor Aristobulo Isturiz exerts pressure against the small vendors and is made up of the Z Group, Manuel Garcia, president of the Caracas Decision Group, delivered a document to Esequiel Zamora, the director general of the Interior Ministry, calling for investigations. The Z Group was a strategic and tactical support commando group of the Metropolitan Police, which was dissolved for its alleged participation in the 27 November 1992 attempted coup d'etat.

[Begin Garcia recording] There is something irregular here, from all points of view. It is true that in some municipalities, for example Sucre, it is public knowledge that the metropolitan police are honest people, who are members of a well-qualified and well-trained staff that supports the national Constitution, the laws of the Republic, and the democratic system.

Nonetheless, how can it be possible that Mayor Isturiz has employed these men, who undoubtedly had orders to take over the headquarters of the Metropolitan Police on 27 November 1992? [end recording]

The president of the Caracas Decision Group also mentioned that the weapons removed by the members of the Z Group might now be in the hands of common criminals in the neighborhoods of Caracas.

Interior Minister Carlos Delgado Chapellin now has the charges presented by Manuel Garcia. Nonetheless, the director general of the Interior Ministry did not want to alert the people, as there is no evidence yet that these former Metropolitan Police are in fact acting illegally.